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## Admitting Bribes, Berlusconi Weakens His Fragile Regime

By Alan Friedman  
*International Herald Tribune*

**ROME** — Prime Minister Silvio Berlusconi of Italy admitted in an interview that executives of his Fininvest business empire had paid bribes to government tax officials. But he denied any personal involvement and claimed his company had been forced to make the payments.

Breaking his silence for the first time about the corruption scandal that in recent weeks has enveloped his media, retailing and publishing conglomerate and led to the arrest of his brother Paolo, Mr. Berlusconi sought to play down the affair by坚称 the sums of money paid to tax inspectors "indefinitely small."

Mr. Berlusconi said he preferred to describe the payments, made over a number of years by Fininvest executives to the Guardia di Finanza tax police, as "extortion" rather than as bribes in the traditional sense.

"These payments were ridiculously small in quantitative terms," he said. "For a company that has 50 billion lire a day of revenues, and pays one billion lire a day in taxes, these payments, based on what I have

### About Fininvest bribes:

*"For a company that has 50 billion lire a day of revenues, and pays one billion lire a day in taxes, these payments, based on what I have been told, became a necessity in order to delay and reduce the presence of officials who were interfering with the work of some companies in our group."*

### Is he a potential target of investigation?

*"There is nothing that can touch me personally."*



Silvio Berlusconi

Asked whether he feared that he might become the target of Milan magistrates investigating corruption, Mr. Berlusconi said, "There is nothing that can touch me personally."

Mr. Berlusconi's admission could nonetheless lead to more controversy inside his already fragile governing coalition, which includes the separatist-minded Northern League and the neofascist National Alliance. And it could create jitters on the Milan bourse, which has experienced a sharp drop in share prices as a result of squabbling among coalition members. Concern about the government's stability contributed to a dip in the lira to a record low of 1,013 against the Deutsche mark on Thursday.

Fininvest, which has annual revenues of 11.6 trillion lire, is by no means the only company under investigation for having bribed tax inspectors over the years. But the Fininvest probe has come perilously close to the prime minister himself, and his administration may also trigger further investigations on the part of prosecutors, whom Mr. Berlusconi has accused of abusing their powers.

In the interview with the International Herald Tribune, which has annual revenues of 11.6 trillion lire, is by no means the only company under investigation for having bribed tax inspectors over the years. But the Fininvest probe has come perilously close to the prime minister himself, and his administration may also trigger further investigations on the part of prosecutors, whom Mr. Berlusconi has accused of abusing their powers.

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## In Bid to IRA, Britain Offers To Cut Ulster Troop Patrols

By James F. Clarity  
*New York Times Service*

**DUBLIN** — In what appeared to be an important concession to the outlawed Irish Republican Army, the chief of British security in Northern Ireland said Thursday that Britain would reduce the number of troops on patrol if the IRA agreed to a cease-fire that ended a campaign of killing.

The statement, by Sir Hugh Annesley, chief of the Royal Ulster Constabulary, was immediately interpreted by Protestant political leaders as a concession.

Analysts noted that the statement fit a pattern in which British officials first refuse to concede to IRA demands, then make conciliatory statements to indicate flexibility, then say that there is nothing new or sensational in such statements.

But Ken Maginnis, a member of the British Parliament from Northern Ireland, and a security expert for the mainstream Ulster Unionist Party, seemed to reflect the view of Protestant leaders.

He called for the resignation of Mr. Annesley, saying the chief constable's statement "is a boost to the IRA at a time when I think and others think they were almost without friends."

The IRA, through its political wing, Sinn Fein, has insisted that an IRA cease-fire would have to be part of a general "demilitarization."

The British and Irish governments, in a peace initiative in December, offered Sinn Fein a place at a negotiating table if the violence was ended. A minimum of three months was later stipulated as necessary to make the cease-fire convincing.

In recent weeks, officials with contacts in the IRA have said the outlawed guerrilla force was preparing to announce a cease-fire in the next few weeks.

The statement by Sir Hugh was seen in Dublin and Belfast as an attempt to encourage the IRA to lay down its arms, which have killed 296 policemen and 648 British troops since the guerrilla war began 25 years ago.

Britain has 17,500 troops in Belfast.



### Troops Fire to Dispel Demonstrators in Zaire

By Keith B. Richburg  
*Washington Post Service*

A Zairian soldier menacing demonstrators who took to the streets in Goma on Thursday after troops were reported to have killed five money changers. After troops dispersed crowds by firing in the air, Zaire said it would replace all its soldiers in Goma. In a refugee camp across the Rwanda border, a Hutu family is crediting divine providence for its survival. Page 2.

## Uganda University's Demise Is a Lesson on Africa

By Keith B. Richburg  
*Washington Post Service*

They average \$300 per month. Virtually all the professors supplement their pay with outside jobs, from running small shops, consulting for private businesses, or working on farms outside the capital. One chemistry professor drives a taxi cab to make ends meet.

*This is another in a series of occasional articles dealing with the economic and social collapse of countries in Africa.*

"The salary is so low, who's going to come here? Ugandans are running away," said Joseph Carasco, a biochemistry professor and chairman of the university faculty union. "I feel very sad for the students now."

Makerere is not a unique case. Its demise mirrors what African academics, economists and World Bank

officials say is one of the continent's most serious and neglected long-term crises: the near-total collapse of the system of higher education.

Makerere fell victim to Uganda's bloody post-independence history: the ruthless dictatorship of Idi Amin, the Tanzanian invasion, the even more brutal dictatorship of Milton Obote, the civil war that brought Yoweri Museveni to power in 1986. Like all other Ugandan institutions, Makerere suffered. But to many in East Africa, the school's decline is even more dramatic, and sad, when viewed against its once-proud reputation for academic excellence.

"That institution was clearly for many, many years

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### Kiosk

## House Coalition Halts Crime Bill

**WASHINGTON (AP)** — In a stinging rebuke to the Clinton administration, a coalition of Republicans, gun-control opponents and black lawmakers Thursday rejected a \$33.2 billion crime bill package.

The measure was preceded by what one Democratic leader called "frenzied warfare" among lobbyists.

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## Moscow Court Acquits Last Defendant in 1991 Coup Attempt

By Lee Hockstader  
*Washington Post Service*

Mikhail S. Gorbachev, then president and Communist Party leader.

The Military Collegium of the Russian Supreme Court, following the lead of the state prosecutor earlier this week, said there was no evidence that Mr. Varennikov had betrayed his country. It closed the last defendant in the case.

A former general, Valentin Varennikov, 70, who once commanded all Soviet ground forces, was cleared of treason for his role in the plot to seize power from

tryed for his role in undermining Soviet power.

The former general was the last of a group of eight high Communist Party leaders and nine other conspirators who were involved in the plot against Mr. Gorbachev.

Three of the original plotters committed suicide shortly after the coup failed, one fell ill and 12 were pardoned by Parliament earlier this year, along with the leaders of

the uprising last October against President Boris N. Yeltsin.

Only Mr. Varennikov refused to accept a pardon, saying he wanted to be exonerated in a court of law.

Mr. Varennikov did not play a leading role in the 1991 coup, which was plagued by disarray and drunkenness and was outmaneuvered by Mr. Yeltsin, then the lead-

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## For Afghan Refugees, Life on the Moon

### Crowded Tent City Swelters in a Desert, Far From Water

By John Dairton  
*New York Times Service*

JALALABAD, Afghanistan — The Sar Shabi camp for people displaced by the war, a vast checkerboard of tents extending as far as the eye can see, sits on a barren plateau of rocks and gravel. It fries in the scorching Afghan sun like eggs in a skillet.

There is no known source of water within an hour's walk and scarcely a tree to cast the smallest patch of shade. The temperature reaches 40 degrees centigrade (105 Fahrenheit) these summer days. It is so hot that people just stay in their tents, almost too listless even to swat at flies.

"Here it's a desert, and there is nothing to do, just to sit and wait for rations," said Mohammed Akbar, 35, who lives in the camp with his wife and three children. His right hand twayed with one of his few possessions, a tape measure. "This is not a life."

The camp is home to 118,000 people and is growing by about 30 families a day. Almost all have fled from Kabul, the capital, 110 kilometers (70 miles) to the east, where fighting began again on Jan. 1 among the various factions of mujahidin, who wore down Soviet troops into withdrawing in 1989 and toppled the Soviet-backed government in April 1992.

Their own funding has been more destructive than the Soviet era. In the previous 12 years of guerrilla war, the capital remained largely intact. Now it is in ruins from rocket attacks and street fighting as the forces of Prime Minister Gulbuddin Hekmatyar and President Burhanuddin Rabbani struggle for control.

More than 11,000 people have been killed and 500,000 left homeless in the last seven months.

Five years ago, the world was paying attention to what was happening here.

Two years ago, there was hope that the world's largest concentration of refugees, 6 million, Afghans in Pakistan and Iran, would finally return home, and 2.7 million eventually did.

But the fighting has renewed and now it goes on in international obscurity.

There are still 3.3 million refugees outside Afghanistan — 1.5 million in Pakistan and 1.8 million in Iran. The return of refugees ebbed, and the tide started running in the other direction.

The huge camps outside Peshawar and Quetta in Pakistan, with ever-expanding numbers of adobe houses, electrical lines and health and educational services, have become like established villages.

The refugees there are integrating ever more deeply into the local economy or even sending family breadwinners flying

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## Baseball Talks End in Futility

### Prepare for 'Long One,' Owner Says of a Strike

By Richard Justice  
*Washington Post Service*

NEW YORK — Major league baseball's labor negotiators seemingly surrendered to the inevitability of a shutdown Friday after a brief bargaining session produced little progress and a lot of anger.

Asked about a players' strike, one club owner said: "Be prepared for a long one."

The bargaining session, on Wednesday, consisted mainly of Richard Kavner, chief negotiator for the owners, telling 13 members of the Baltimore Orioles, New York Yankees and Philadelphia Phillies why his side had to have a proposal that includes a ceiling on pay

— a salary cap — similar to the one adopted by the National Football League.

The players responded that they

would not accept a salary cap because it would restrict pay and free agency. And when the session ended, both sides took their cases into the court of public opinion via the press, which is where the real war is being waged in these final days.

The players say they are increasingly frustrated because no baseball owners, team presidents or general managers are attending the sessions.

"I believe the strike will last as long as there are no owners at the meetings," said a pitcher for the Orioles, Mike Mussina. "We're not talking to owners. We're talking to an ownership representative, who as far as I know will be the only one making any money when there's a strike."

The players have said they must strike because the owners will declare

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## Europeans Shudder as Interest Rates Bounce Up

### Investors Panic at Move By Sweden and Italy; Is Recovery Cut Short?

By Erik Ipsen  
*International Herald Tribune*

LONDON — Sweden and Italy stunned financial markets on Thursday by raising interest rates, sending bond and share prices tumbling across Europe as investors shuddered at the prospect that rates might have bottomed out.

"All of a sudden people are saying the party is over and that interest rates in Europe will now be going up," said Malcolm Barr, international economist at Chemical Bank in London. "Personally I don't believe it."

It was Stockholm that took the lead in turning sentiment. In the morning the Riksbank, the Swedish central bank, notched up interest rates in the first such move in Europe since the economic recovery began.

Late in the day the Italians followed suit. It was the first rise in interest rates there since the currency crisis of September 1992. That crisis ultimately saw both the lira and the pound forced out of the European currency grid.

While economists across Europe continued to forecast falling inflation, the already jittery bond markets were far from reassured. As dealers scrambled to find the next country likely to follow Sweden's lead, attention had quickly centered on Italy. Analysts noted that like Sweden, Italy has both a huge fiscal deficit and an undervalued currency. The central banks in both countries pushed up their wholesale lending rates by half of a percentage point, to 8 percent in Sweden and to 7.5 percent in Italy.

Stock markets in both countries reacted by turning in the worst performances of any European markets on Thursday. The Italian stock market lost 1.34 percent of its value, second only to Sweden's fall of nearly 2 percent.

The Italian losses came in spite of new figures showing that industrial production in June rose by a seasonally adjusted 4.4 percent from levels recorded a year earlier.

The moves by the central banks put pressure on the dollar amid fears that European currencies would benefit if the continent's interest rates began climbing.

"The name of the game now is changing perceptions," said Hung Tran, head of bond research at Deutsche Bank in Frankfurt. "The market is now looking for the next tightening move in Europe." As recently as last month, bond markets had begun to worry that interest rates might not fall as far as previously believed.

That rapid-fire shift in expectations now carries potentially huge ramifications. Continental economies, where domestic demand remains weak and where what growth that does exist has come largely from exports, now face the threat of added burden of higher interest rates.

Figures released Thursday revealed a generally upbeat, but by no means robust picture. In France the government revised upward its figure for economic growth in the first quarter from 0.5 to 0.7 percent, growth that was largely attributed to inventory building rather than actual sales.

In Spain, meanwhile, unemployment took its biggest dive in 17 years last month. It fell by a full half of a percentage point, but that decline still left 16.5 percent of the Spanish work force without jobs.

Given Europe's still modest growth figures and the early stage of its recovery, most economists continued Thursday to insist that any further hikes in interest rates would not come until next year. Britain, where the recovery is now in its second year, remains the exception.

The Swedish inflation outlook is not that different from that of the U.K., noted Peter Fellner, chief gifts strategist for NatWest Markets. On the Continent, however, Mr. Fellner said that Sweden's move merely reinforced the already growing realization that interest rate cuts had "not much more room to fall, if any at all."

Analysts said that the outlook for U.S.

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# Clinton Sets Oct. 15 Deadline to Act on Bosnia Embargo

By Ruth Marcus  
and Daniel Williams  
*Washington Post Service*

**WASHINGTON** — Under congressional pressure, President Bill Clinton has for the first time set a deadline for asking the United Nations to exempt the Muslim-led Bosnian government from a regional arms embargo, administration officials said.

In a letter to the Senate Armed Services Committee chairman, Sam Nunn, Democrat of Georgia, Mr. Clinton said that if the separatist Bosnian Serbs failed to accept an internationally brokered peace proposal for Bosnia by Oct. 15, he would go to the UN before the end of October to ask that the embargo against the Muslims be lifted.

[France] and Britain said Thursday they would not oppose a move to lift the embargo against the Bosnian Muslims, Agence France-Presse reported.

[Foreign Minister Alain Juppé of France reiterated in a television interview that lifting the embargo would not be good, either for the UN forces on the ground in Bosnia, "or for peace," but that it could "become unavoidable."

[Earlier Thursday, the British Foreign Office said, Britain would abstain in any UN vote on lifting the arms embargo, reiterating that it would not use its veto.]

Mr. Nunn called Mr. Clinton's willingness to set a date "very significant because it denotes a seriousness of purpose."

## Russia Republic Expect Invasion

**MOSCOW** (Reuters) — The leader of Russia's breakaway republic of Chechnya, facing increasing opposition from Moscow, ordered the mobilization Thursday of all men in the North Caucasus region to prevent a possible invasion.

Itar-Tass news agency quoted an aide to the Chechen president, Dzhokhar Dudayev, a severe irritant to the Kremlin since his election in 1991, as saying the order would be made public within hours.

President Boris N. Yeltsin of Russia insisted Moscow would not use force to overthrow Mr. Dudayev, saying that would spark an uprising and unforgivably high bloodshed in the Caucasus.

for acting if the Serbs continue to balk at accepting the plan, which effectively divides Bosnia in half.

Mr. Clinton's letter came in the face of congressional agitation for more aggressive action to help the Muslims.

In the letter, he argued that unilateral action to lift the embargo by Washington would strain relations with allies, jeopardize cooperation with Russia and increase the likelihood of U.S. military involvement. U.S. officials warned it would also undermine UN sanctions elsewhere — on Iraq and Haiti, for example.

Since shortly after taking office, Mr. Clinton has advocated lifting the arms embargo but had all but dropped the proposal in the face of allied and Russian resistance. Britain and France have opposed lifting the embargo, even by Security Council agreement, for fear the war will spread. Russia, a traditional ally of the Serbs, also opposes an action that would favor the Muslim side in the civil war.

Now, however, with the peace plan on the table, the administration is hopeful either that increased pressure on the Serbs will convince them to sign the plan or that the allies and Russia will finally be willing to lift the embargo in the face of continued Serbian intransigence.

### ■ UN Airlift Suspended

UN officials suspended the airlift to the Bosnian capital, Sarajevo, after three UN aircraft were hit by gunfire. The Associated Press reported Thursday from Sarajevo.

The planes were hit on the ground at the Sarajevo airport, said Peter Kessler, a UN aid spokesman. There was no immediate word on who was suspected of firing the shots.

The airlift was suspended more than three weeks ago after planes were hit by bullets believed to have been fired from Serbian positions. It was resumed Tuesday.

The incident was another sign of mounting tensions around Sarajevo. Serbs have tried to tighten their siege of the city and Muslim-led government forces have gone on the offensive.

UN peacekeepers said as many as 3,000 Bosnian government troops have moved into a combat zone just north of Sarajevo in the past two days.



A Bosnian soldier being buried Thursday in Sarajevo. He was killed in renewed fighting between Muslims and Serbs. (Peter Andrew/Reuters)

## Milosevic and Karadzic: 'One Has to Go'

By Stephen Kinzer  
*New York Times Service*

**BELGRADE** — The two most prominent Serbian leaders are involved in a high-stakes confrontation so intense that it may result in a fall from power for one of them.

When the president of Serbia, Slobodan Milosevic, announced last week that he was ending all political and economic support for his Serbian allies in Bosnia-Herzegovina, he effectively severed his ties with the Bosnian Serbian leader, Radovan Karadzic.

He is demanding that Mr. Karadzic accept the latest international peace plan, knowing that United Nations diplomats are moving ahead with tighter sanctions that could have a devastating effect on Serbia's already crippled economy.

The only way the Serbs in Belgrade can avoid such sanctions, diplomats say, is to persuade their Bosnian allies to accept the plan.

"Milosevic has to get the Bosnian Serbs to sign the plan, and if this group won't sign it, he has to replace them," one European diplomat said. "Something dramatic has to happen, and given the fact that the UN sanctions are going to be imposed this week or next week, it has to happen quickly."

Not everyone in Belgrade believes that a confrontation between Mr. Milosevic and Mr. Karadzic will come so soon, but few doubt that it will come.

"There can't be two top guys," said Predrag Simic, director of the Institute for International Politics and Economics, an independent research center. "One of them has to go."

Mr. Milosevic, a veteran Communist aparatnik and shrewd behind-the-scenes

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operator, holds a strong hand. He controls not only the Yugoslav Army, the Serbian police and broadcast outlets but also a far-flung network of party loyalists in Bosnia.

"Milosevic is not the sort of man who gets himself into a fight like this without thinking it through and convincing himself that he can win," said a foreign resident of Belgrade who closely observes politics.

But Mr. Karadzic is not without weapons. He has been in touch with militant politicians in Serbia, and Monday was met with Patriarch Pavle, head of the Serbian Orthodox Church.

A key figure is the commander of the Bosnian Serbs' army, General Ratko Mla-

dic, perhaps the only person in Bosnia powerful enough to depose Mr. Karadzic.

General Mladic has not appeared in public in recent days, nor has he offered any reaction to Mr. Milosevic's decision last week to cut off supplies to his army. What he may be thinking or planning is a subject of heated speculation.

General Mladic is known as a hard-line Serbian nationalist, and he has been unfailingly loyal to Mr. Karadzic during more than two years of war in Bosnia. Yet his ties to Mr. Milosevic that go back much further.

The relationship between Mr. Milosevic and Mr. Karadzic is often compared to that between Dr. Frankenstein and his monster. Mr. Milosevic plucked Mr. Karadzic from obscurity several years ago and helped engineer his rise to power, but he now finds he cannot control the figure he helped create.

After Mr. Milosevic announced his decision to cut off aid, Mr. Karadzic responded like a man confident of his position.

"It seems to us that we have to grow up, to separate from our mother and to be older and adult," Mr. Karadzic said from his headquarters in Pale, Bosnia-Herzegovina. "Now we are totally, totally alone. Only God is with us."

## WORLD BRIEFS

### Rabin Opens Jerusalem to PLO Aide

**JERUSALEM** (AP) — Prime Minister Yitzhak Rabin gave a top Palestinian official the green light on Thursday to visit Jerusalem, reversing Israeli policy.

A statement from the prime minister's office said Nahil Shaath, an aide to Yasser Arafat, the Palestine Liberation Organization's leader, had permission to visit the city's Muslim shrines. Mr. Shaath is minister of planning in the Palestinian authority in Gaza and the West Bank town of Jericho.

He confirmed the go-ahead. "This ought to be a matter of fact. We ought to be able to see Jerusalem, to pray in Jerusalem," Mr. Shaath said in the Gaza Strip. The Palestinian autonomy is currently confined to Gaza and the West Bank town of Jericho.

### Senate Cuts Off Funds to Spy Project

**WASHINGTON** (AP) — The Senate, miffed at not knowing about a \$310 million building for a secret spy agency, voted to halt further spending for the project until it learns more about it.

The vote, coming days after members of the Senate intelligence committee publicly disclosed the project, reflects anger among lawmakers that work could have gone on for four years without their knowledge.

Earlier, officials representing the CIA and the Pentagon insisted they had fully disclosed to Congress the construction project, which is to house the National Reconnaissance Office, the agency that operates the government's spy satellites.

### Paris Backs eventual Algeria Voting

**PARIS** (Reuters) — Foreign Minister Alain Juppé of France denied Thursday that Paris unconditionally supported the authorities in Algeria and said they should return the country to democracy as soon as it was practical.

"There must be elections," he said in an interview on French television. "When the moment is right, when conditions permit, the Algerian people must be able to express themselves."

Mr. Juppé said he delivered the same message directly to Algeria's president a week ago.

### Aspirin Blocks AIDS, Study Suggests

**WASHINGTON** (Reuters) — A test-tube study suggests that ordinary aspirin may keep HIV-infected people from getting full-blown AIDS, researchers said Thursday.

In a study to be published Friday in the journal *Science*, Yale researchers found that aspirin and its chemical precursor, sodium salicylate, work in part by blocking a protein called NF-kappaB, which plays a crucial role in triggering the body's frontline immune response. The researchers found that by inhibiting NF-kappaB, aspirin substantially prevented the human immunodeficiency virus, or HIV, which causes AIDS, from replicating itself.

The lead author of the article, Dr. Sankar Ghosh, emphasized, however, that "this is a preliminary laboratory study, and people should wait for clinical trials to see whether aspirin is shown to be beneficial in patients."

### Korean Crash Laid to Pilots' Dispute

**SEOUL** (AP) — An argument between the pilot and co-pilot of a South Korean airliner over whether to abort a bad-weather landing may have been a factor in its crash, the police said Thursday. All 160 people on board escaped just before the plane burst into flames.

The pilot of the Airbus A-300, Captain Barry Edward Woods, a Canadian, told the police that the co-pilot, Chung Chan Kyu, had suddenly attempted to abort the landing about 400 yards from the end of the runway, causing the plane to skid, the police said.

Mr. Chung said Captain Woods insisted on landing even though there was not enough room on the runway after a sudden tailwind pushed the plane forward, according to the report. Mr. Chung said he shouted to Captain Woods to abort but the pilot ignored him.

## TRAVEL UPDATE

### U.K. Rail Strike Starts, More Set

**LONDON** (AFP) — Just hours before the start of a 24-hour stoppage at Thursday midnight, to be followed by strikes Monday and Tuesday, British railroad signalmen announced another strike for Aug. 22 starting at noon.

The signalmen have been staging weekly one-day strikes for nine weeks in their pay dispute, disrupting train schedules. Seeking compensation for staff cuts, the 4,500 signalmen demanded an 11 percent hike in their salary, later revised to 5.7 percent.

British Airways plans to spend up to \$120 million to upgrade in-flight entertainment and information. Passengers will be able to rent a car, book hotel rooms and even gamble. The system will be tested next year.

The Greek government banned half of cars and taxis from the heart of Athens on Thursday and Friday because of high pollution levels and high temperatures, expected to reach 42 degrees centigrade (107 Fahrenheit). Hundreds of Athenians died in 1982 during a heat wave coupled with thick air pollution.

The no-smoking beach in Damp, Germany, has been declared a success. Town officials also said the beach gets less litter than others.

(Reuters)

## Weekend Events Mark Landings in Provence

*International Herald Tribune*

### Landings in Provence

**PARIS** — France is host to ceremonies this weekend recalling the World War II Allied landings in Provence 50 years ago. Marked by US warships calling at ports all along France's Mediterranean coast, the three-day commemoration, running through the Assumption holiday on Monday, will be highlighted by a series of events.

Bruce Williams, a correspondent for the Veterans of Foreign Wars of the United States, said the events would include:

On Saturday, at 10 P.M., a sound-and-light show on the beach at Ste. Maxime, near St. Tropez, will recount the main events of the Allied campaign.

On Sunday, warships from Britain, France and the United States will steam from Villefranche to Toulon between 8 A.M. and 5 P.M. At 11 A.M., President François Mitterrand and Secretary of the Navy John H. Dalton will salute the procession from the deck of a French aircraft carrier during a flyover by U.S. and French aircraft. At 4:30 P.M. at La Motte, parachute teams from Britain, France and the United States will conduct precision jumps in the drop zone used in 1944.

On Monday, at Hyères, an air show will be open from 9 A.M. to 6 P.M. at the French naval air base. Ceremonies and flyovers will be held in Draguignan, where four U.S. veterans will be decorated by France, and at 11 A.M. in Cavalaire, an event honoring French participation in the invasion. At 6:30 P.M. in Draguignan, an American memorial ceremony will be held at the Rhône American Cemetery, with more than 100 U.S. veterans in attendance.

### Vets May Jump, Into Sea

*The Associated Press*

**PARIS** — Five U.S. veterans, whose plan to parachute onto French soil was refused, have received an offer of a consolation jump from the French military — a drop into the sea.

"We're probably going to take them up on it. It will be an interesting experience," said Ken Shaker, 78, a company commander in the 509th Parachute Infantry Regiment during World War II.

General Christian Piquemal confirmed that the French Army will, if the veterans agree quickly, give them some basic training and take them up in helicopters to 1,300 feet.

### Grenade Hurts 7 in Burundi Capital

**BUJUMBURA, Burundi** (Reuters) — At least seven people were wounded Thursday when a grenade was buried into the main market here, raising fears that Burundi would follow Rwanda into ethnic conflict.

The attack took place despite a heavy military presence on the streets of the capital to quell ethnic unrest and strikes. It was not known who had thrown the grenade.

Mr. Ntawiniga asked to be allowed to pray. They allowed him to, then one counted, "One,

two, three," and pulled the trigger.

He had fired into the ground

next to Mr. Ntawiniga's head. "I don't know why," Mr. Ntawiniga said. "I think they just wanted to intimidate me."

He said they demanded money from him, and because it was the start of the school year he had on hand his children's school fee — about \$100 — and gave it to them. They also demanded his car. He gave them the keys, but they left without the car.

On Friday, April 8, two days after the violence began, the diplomatic community began to flee Kigali, the capital.

Mr. Ntawiniga decided to get his family out and the family fled to Gitarana, and were there when the Patriotic Front attacked in mid-June. A Rwandan Army soldier ordered Mr. Ntawiniga and his family to flee.

"If you don't leave, I will kill you," Mr. Ntawiniga recalled the soldier saying.

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# THE AMERICAS / URGENT BUSINESS

## Panetta's New Task: Save Clinton in the Fall Elections

By Michael Wines  
New York Times Service

WASHINGTON — Leon E. Panetta holds the rank of White House chief of staff. As his very first change in the staff suggests, even that grand title understates the job.

Mr. Panetta has yet to disclose a long-rumored reshuffling of the White House, or even to hire his own staff. But this week he reshuffled outside the White House, tapping a fellow Californian, former Representative Tony L. Coelho, in effect to run the Democratic Party through the fall elections.

In part, his move reflects an understanding that President Bill Clinton's agenda is a "dead letter" if Democrats lose many seats in Congress, as a number of experts predict.

It also hints at the breadth and urgency of the political rescue operation Mr. Panetta is conducting. With the president's popularity with voters sinking in the polls, his legislative goals imperiled and Whitewater rearining its head yet again, any dramatic White House administrative changes — changes Mr. Panetta pledged six weeks ago to make "earlier rather than later" — await more urgent political duties.

"There are some fundamental problems that need to be addressed now, the most important being the president's legislative agenda," said a senior administration official close to Mr. Panetta.

Should Mr. Clinton lose the summer's battles

in Congress, this official said, the damage to Democrats "would be considerable."

And so for now, the new chief of staff is also the new chief lobbyist, attending Democratic whip meetings in Congress to find votes for health-care, crime and trade bills. He is the chief image-maker, summoning consultants and political friends for advice on how to focus the public's fuzzy view of just what Mr. Clinton stands for.

Perhaps most of all, he is trying to focus Mr. Clinton himself. He is reining in the many aides without portfolio who once had their fingers and entire hands, in almost every Oval Office decision.

And he is trying to get the president himself to stop talking so often, for so long and on so many topics. That may be one of the hardest tasks of all.

Still, one would never know it by talking to the new chief of staff. Mr. Panetta talks about managing the most powerful office in the world in the blandest of bureaucratic language.

"What we're involved in here is the need to make the transition from a campaign organization to a governing organization," he said, "and that means greater discipline, greater lines of authority, greater focus on what needs to be done. Just the overall efficiency and effectiveness of the organization needs to be improved."

In an interview this week in his White House office, a capacious affair decorated with Ansel

Adams landscape photos, Mr. Panetta said one of his three priorities when he took on his new job on June 23 was to draw clear lines of responsibility among Mr. Clinton's aides.

"There has been a tendency to have a group of people trying to manage an issue who may not have been assigned that responsibility under their job description," he said dryly.

On any issue of note, Mr. Panetta said, White House advisers must now submit "decision memos" to him, for review and forwarding to the president, rather than hash out policy in the kind of open-ended give-and-take for which this White House became famous.

A second priority, he said, is to ensure that aides do not "bypass the process" — skipping their bosses to lobby the president directly. Mr. Panetta has cut back aides' access.

The final priority, said the nation's most powerful chief operating officer, is to take control of salary increases from the management office.

He also reviews Air Force One passenger lists to cull hangers-on from Clinton trips. And he has changed the 8 A.M. staff meeting to half an hour earlier.

Mr. Panetta said he had not decided when, or even whether, to reorganize the White House itself, much less who should be moved, promoted or let go.

The White House did confirm on Wednesday that he and the president had decided to replace the acting counsel, Lloyd N. Cutler, with Abner

J. Mikva, now chief judge of the U.S. Circuit Court of Appeals for the District of Columbia.

But Mr. Cutler's departure had been planned for weeks.

Mr. Panetta's description of White House days, while technically accurate, understates the potential impact of the changes he says he is making. By Mr. Panetta's description, two of Mr. Clinton's closest advisers and Arkansas friends, Bruce R. Lindsey and Thomas F. (Mack) McLarty 3d, have circumscribed duties.

Mr. Lindsey, who has handled much of the political damage control stemming from Mr. Clinton's days as governor of Arkansas, is now becoming a more general legal adviser.

Mr. McLarty, the former chief of staff, now serves mostly as a liaison to the business world and to conservatives.

A third free-ranging aide with an office next to Mr. Clinton, George Stephanopoulos, now acts as a deputy to Mr. Panetta, focusing on Congress and the day's less urgent tasks.

Mr. Panetta is reported to be considering changes in the White House communications staff, which handles public relations and the press, and also in the advance office, which helps plan Mr. Clinton's trips.

Virtually all these changes are rooted in real worry that the public is starting to write Mr. Clinton off — confused and wearied by his broad and shifting list of goals and his changing explanations of personal and political conduct.

## U.S. Vessels Poised For Duty Off Cuba 1980 Exiles Oppose an Influx

The Associated Press

WASHINGTON — The U.S. Coast Guard is poised to put more ships in the Caribbean quickly in response to any mass exodus from Cuba, the State Department said Thursday.

A press officer, David Johnson, said the Coast Guard would play a central role in intercepting any influx of refugees in the Straits of Florida.

Mr. Johnson gave no details. But Representative Robert G. Torricelli, Democrat of New Jersey, chairman of the House Foreign Affairs subcommittee on Inter-American affairs, said Wednesday that the Pentagon could quadruple its 12-vessel patrol in 36 hours if needed.

At the Pentagon, a spokesman, Dennis Box, said 12 U.S. Navy ships were deployed off Haiti and an additional five were in the southern Caribbean on anti-narcotics duty.

Mr. Box suggested that the vessels off Haiti and in the southern Caribbean could be redeployed off Cuba if the need

arose but only if they could be spared. Another possibility is using ships deployed off the U.S. East Coast, he said.

Officials have been updating contingency plans for coping with a mass influx of Cubans since President Fidel Castro warned Friday of that possibility. In 1980, 125,000 Cubans fled to the United States during the Mariel boatlift, swamping services in South Florida.

Attorney General Janet Reno said at a news conference that U.S. officials were working with officials in Miami "to caution Castro that he's not going to be able to do a repeat of Mariel."

*William Booth of The Washington Post reported earlier from Miami.*

As President Castro threatens to unleash another massive exodus of refugees, the Cuban-American population in Miami is pleading with U.S. authorities to resist any repetition of the Mariel boatlift that led to widespread crime and economic upheaval in Florida.

Cuban exiles insist there is a vast difference between today and 1980.

"Another boatlift could destroy our community," said Caesar Odio, the Dade County manager. "Mariel was a mess," he added. "We cannot let it happen again."

In 1980, sailing to Cuba to rescue family members was viewed as heroic. Today, it is widely seen as aiding the enemy by allowing Mr. Castro to free himself of critics.

But more importantly, many Cubans here, who have created their own version of an economic miracle, believe another influx would prove too costly.

"It would be devastating for the economy," said Xavier Suarez, a former mayor of Miami. "That's the big one. South Florida just can't take another 100,000 people."

The judge investigating the July 18 attack, which destroyed the offices of Argentina's two main Jewish groups, issued international arrest warrants for four absent Iranian diplomats.

He also named three other Iranian Embassy employees as suspects.

Under Argentina's Constitution, the Supreme Court is the only tribunal empowered to deal with foreign diplomats.

Judge Juan José Galeano's decision to order a worldwide manhunt for the four, who were named by a disaffected Iranian in Venezuelan custody, Mamechir Motamed, sparked an angry exchange of protests between Tehran and Buenos Aires on Wednesday.

Threatened with expulsion and summoned to the Argentine Foreign Ministry, the Iranian ambassador, Habi Soleiman Pour, had to push his way through a mob of journalists as he arrived late Wednesday. He stumbled and fell to his knees at one point.

He left tight-lipped less than an hour later, carrying a note from Foreign Minister Guido di Tella that rejected as "unbelievable" Tehran's official protest.

President Carlos Saúl Menem earlier threatened to expel the ambassador for Iran's purported role in the attack.

In Tehran, Argentina's chargé d'affaires was summoned to the Iranian Foreign Ministry twice — the second time at 2 A.M. — and was told the four diplomats would sue for defamation.

In New York, Iran's United Nations mission issued a statement demanding that Argentina "present any evidence and/or documents it possesses concerning the unfounded allegations against the four Iranian nationals."

The four Iranians named by Judge Galeano were all in Argentina in an official capacity at some stage. Their present whereabouts are not known.



Cubans waiting for buses to take them around Havana Bay. Ferries have stopped running since some were hijacked.

## Bomb Case Before Court In Argentina

Reuters

Buenos Aires — With Argentine-Iranian ties at the breaking point, the Supreme Court here was poised to decide whether to take over the case of the bombing of a Jewish center that killed nearly 100 people.

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By David S. Broder  
Washington Post Service

WASHINGTON — White House officials, surveying the battleground of health care reform, are beginning to suspect that President Bill Clinton's top legislative priority may be the victim of his good fortune in presiding over an improving economy.

"What you see in the polling data," a senior presidential adviser said, "is that people are less fearful about losing their jobs — and with them their health insurance. So their concern about health care is less. It's not the sole factor, but it is a factor."

When Mr. Clinton was shaping his health care proposal, most Americans said they were satisfied with their own health care but thought, nonetheless, that the system needed a major overhaul.

In September, when Mr. Clinton introduced his health care plan, 56 percent of those polled by The Washington Post and ABC News approved of it; only 24 percent disapproved. By this June, opposition had increased to 53 percent, and support was down to 42 percent.

In that same span of time, the consumer confidence index of the Conference Board rose from 63.8 percent to 91.6 percent. The 28-point increase in economic optimism is close to the 29-point jump in opposition to the Clinton health plan.

White House senior officials are using these

figures to explain the political problems facing the administration's health initiative on Capitol Hill.

"In the long term, the problem of health care is still important to people," a presidential aide said. But in the short term, the healthy economy "takes away some of the push to get reform done now."

But this explanation is viewed by others as, at best, a partial rationale for the difficulties besetting the health care initiative.

Robert J. Blendon, chairman of Harvard University's department of health policy and management, said polls show roughly a 10-point decline in economic anxiety about loss of health care coverage, enough to be a factor in the loss of

support for the Clinton administration plan but not enough to explain it entirely.

The president made "health care that's always there" a slogan for his plan. At a time of high economic anxiety, when recession and corporate restructuring made many workers nervous about their job status, it seemed to have strong appeal.

But Mr. Blendon mentioned another factor. "Between September and last January, the administration allowed opponents to frame the debate in a way that made reform seem more dangerous than the status quo," he said. "The view of the plan went from something fairly benign to something that could be disruptive of the care we now get."

universal coverage from the current level of 85 percent.

But the president said in a telephone interview that he accepted the bill's premise that "if you get 95 percent by the year 2000, that's evidence you can get to universal coverage without a mandate" requiring employers to pay.

But he insisted, "you have to have some sort of backup mechanism in case that fails."

Asked if there were any other approach that would substitute, he replied: "Everybody sat around here breaking their brains over what other alterna-

tives were available. None emerged before he put his bill in. I can't imagine — I just don't know what other alternatives there are."

On Capitol Hill, the Senate continued its debate of the Maine Democrat's bill, with Senator John H. Chafee, a Rhode Island Republican, striking a particularly conciliatory note. "I firmly believe that the Senate has the courage and the wisdom to put partisanship aside, to enact health care reform with broad support, for the good of our country," he said.

Mr. Chafee, the leader of a bipartisan Senate group that has been struggling to find a compromise on health care, praised Mr. Mitchell's handling of the employer payment issue, but identified several areas where he believed Mr. Mitchell should shift.

But other Republicans repeatedly criticized what they called an excessive government role in the Mitchell bill.

In the House, where debate is to begin next week, the effort to introduce a bipartisan substitute was coming to a rocky conclusion. Its sponsors were strug-

## ★ POLITICAL NOTES ★

### Whitewater Head Worked for Clinton Foes

WASHINGTON — Kenneth Starr, the newly appointed Whitewater prosecutor, was hired by a conservative women's group earlier this year to submit a legal brief opposing President Bill Clinton's claim of immunity in a sexual harassment lawsuit. He took on the task without a fee.

Mr. Starr accepted the Independent Women's Forum as a client, his law firm confirmed Thursday. He usually charges about \$400 an hour, according to sources in the legal community.

It was previously known that Mr. Starr had been considering writing a friend-of-the-court brief in the case of Paula Corbin Jones, former Arkansas state worker. But his agreement to write it for a conservative political group was not known.

Mr. Starr, a Republican judge who argued the Bush administration's cases before the Supreme Court as solicitor general, was named last week to replace Robert Fiske Jr. as head of the Whitewater investigation.

Critics who have charged that Mr. Starr's Republican activities make him too partisan to investigate Mr. Clinton's financial affairs, seized on the latest revelation. (AP)

### No Peacekeeping Money in Defense Plan

WASHINGTON — Congressional leaders have agreed on a defense budget of \$263.8 billion that denies President Bill Clinton's request for funds for international peacekeeping.

The language in the bill, which has cleared a panel of House and Senate negotiators, urges Mr. Clinton to press Bosnian Serbs to accept a peace plan but deletes a requirement to unilaterally lift the arms embargo on the Muslim-led Bosnian government.

The lawmakers rejected Mr. Clinton's request to transfer \$300 million from the budget for international peacekeeping operations because of Pentagon criticism that it would mean a loss of control.

The bill also gives a 2.6 percent pay increase to troops and military employees, more than the 1.6 percent raise sought by the president.

The panel refused to approve funds to keep the Stealth B-2 bomber alive but did allot \$125 million to study the need for bomber aircraft. (AFP)

### Mrs. Bush Reveals Her Pro-Choice Views

NEW YORK — The former first lady, Barbara Bush, has spoken publicly for the first time that she is pro-choice on the question of abortion rights.

In an interview to be broadcast on an ABC news program Sept. 9, Mrs. Bush said that while she refrained from discussing her views when her husband was vice president and president, she discloses her pro-choice view in her forthcoming book.

She said the subject of abortion had followed the couple through their political life.

She also said that despite some reports, the former president had not changed his views on abortion during his political career.

"He never was pro-choice," she said. "He was always anti-abortion. For him, it's killing. I don't feel I can be judgmental with others." (Reuters)

# International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Outdated Cuba Policy

American officials joined in the deserved condemnation when 32 Cubans trying to escape their homeland drowned on July 13 after their ancient rugboat was bashed by a Cuban patrol boat. In Havana, this was followed by the hijacking of three ferries by other Cubans trying to flee, and by sporadic riots in which demonstrators shouted "Down with Fidel!" Last weekend a furious Fidel Castro tried to reverse course, declaring that he would stop putting obstacles "in the way of people who want to leave the country."

It was easy to inveigh against Mr. Castro's restrictive immigration policy as long as he conveniently kept his unhappy citizens at home. Now he may be calling Washington's bluff, although at this point his intentions are far from clear. His words prompted an instant denunciation by the State Department spokesman, who called them a "ploy," a "cynical move" and "a replay of the Mariel boatlift."

In 1980, Mr. Castro encouraged an exodus from Mariel harbor that dumped 125,000 Cuban refugees, including murderers and rapists, on Florida. Since then, "Mariel" has been shorthand for the spiteful use of desperate people as political pawns. Mariel did Cuba no good, created a judicial and penal nightmare in the United States when some Mariel refugees were held in federal jails, and set back by a decade hopes for more civil relations between Havana and Washington.

The United States is trapped in a self-made dilemma. Having demonized Mr. Castro for refusing to let Cubans emigrate, it now hopes he is only bluffing about opening the gates and causing another unmanageable tidal wave of immigrants.

Successive presidents, beginning with Dwight Eisenhower, have imposed puni-

tive economic sanctions against Cuba. But with the end of the Cold War, Mr. Castro ceased to be a threat to U.S. security. The Soviet collapse exposed the folly of Cuba's lopsided dependence on sweetheart barter deals with the Communist bloc. Cuba's economy has crumbled. Yet the U.S. response to these new circumstances was the enactment in 1992, with candidate Bill Clinton's blessing, of stiffer trade sanctions, which even ban trade with Cuba by foreign subsidiaries of U.S. companies.

These sanctions, the so-called Cuban Democracy Act, have indeed made life more wretched for ordinary Cubans, who now have economic as well as political reasons for fleeing their repressive poorhouse.

And each Cuban who makes it to Florida automatically qualifies for permanent residence under special Cold War legislation — a status denied Haitian refugees who also suffer from tyranny and poverty. Even hard-line anti-Castro Cuban exiles, who clamored for the Cuban Democracy Act, now plead with their poor cousins back home to remain calm and stay put, rather than risk an angry political backlash in Florida.

America's Cuba policy has been frozen in the past, kept there by presidents pandering to the most fanatical faction of the exile community in Florida. The humane and sensible way for the United States to avert a new Mariel is to ease sanctions, lift un-American curbs on travel to Cuba and permit more Cubans to immigrate legally, in return for a measure of political liberalization for the islanders. If a deal along these lines were offered to Fidel Castro, and if he scorned it, he would run the risk of opposition more serious than sporadic riots.

— THE NEW YORK TIMES.

## Democratic Palliative

The Clinton administration has been having more than its share of political problems, not the least of them being Whitewater, the president's drop in the polls and the resulting fact that many Democratic candidates are wary of Bill Clinton's political embrace. And so on Tuesday, in a move apparently orchestrated by the White House, came a solution: hiring in Tony Coelho, a skilled tactician who resigned from Congress a few years back under an ethical cloud, as a special adviser. David Wilhelm, the national chairman, therefore decided he was tired of challenges to his leadership and announced that he was leaving in November.

The Democrats haven't done so well since Mr. Wilhelm took the helm at the Democratic National Committee. They lost last year's governors' races in New Jersey and Virginia; they lost the mayoralties in New York and Los Angeles, they got humiliated in a special Senate election in Texas. But while Mr. Wilhelm had his problems, he was not the prime mover behind the administration's political and policy decisions, which affect the political atmosphere far more than a party chairman does. There was once a time when a party chairman hired technicians to help out on the nitty-gritty of politics. But in Mr. Wilhelm's case it was the technicians, the political consultants, who had the upper hand. He seemed destined to be the person who had to accept responsibility for the gambits that failed — such

as a recent spate of television ads on health care that annoyed key Democratic senators — while watching others take credit for the moves that succeeded. Mr. Wil-

helm's ascendancy raises other questions. He is seen by Republicans as well as Democrats as a gifted politician.

Mr. Coelho's ascendancy raises other questions. He is seen by Republicans as well as Democrats as a gifted politician. He is well-liked, and many of his former aides and colleagues now sit in the Clinton White House. But he resigned from the House in 1989 amid reports that he had profited from his political connections by purchasing \$100,000 in junk bonds through Michael Milken and the firm of Drexel Burnham Lambert on money borrowed through Democratic fund-raisers.

Mr. Coelho was a master of 1980s-style big money fund-raising, the sort of thing Mr. Clinton has said he wanted to clean up. The Justice Department closed its probe of Mr. Coelho without taking action, and the White House has clearly calculated that his skills outweigh whatever criticism his past may bring onto an administration already fighting off the problems of Whitewater and the investigation of Agriculture Secretary Michael Espy.

The White House needs order in its operations, as Chief of Staff Leon Panetta has acknowledged. But no one in the White House should assume that a new party chairman will solve its problems with the electorate. That is and always was Mr. Clinton's job, not Mr. Wilhelm's.

— THE WASHINGTON POST.

## Yes, It's Only Hair

Like all high school seniors accepted by the colleges that head their lists, Shannon Faulkner surely celebrated on the day the happy letter arrived from the Citadel, a 151-year-old South Carolina military college. The festivities were premature. When the Citadel found out that the exemplary student it had admitted to its all-male halls was Ms. and not Mr. Faulkner, it rescinded her acceptance.

She sued, reasoning correctly that since the school had state funding, it had no right to discriminate against her as a female. In January, a federal court allowed Shannon Faulkner to begin classes as a day student. On July 22, a federal district judge, C. Weston Houck, ruled that she be given a full place in the corps of cadets. On Aug. 15, she is scheduled to report to the campus and thus become the Citadel's first female cadet.

Then came the hair thing.

Shaving a cadet's head in the name of group identity is de rigueur on entrance to the Citadel. Asked several weeks ago about the possibility of suffering that humiliation, Ms. Faulkner shrigged and said, "It's only hair." True, she probably won't look her best bald — but neither is it safe to say, will the other first-year students. Certainly Judge Houck, who is concerned about other aspects of Shannon Faulkner's life on a 2,000-man campus, is not concerned about the hair

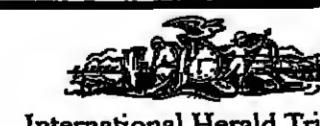
thing. "The Citadel," he ruled, "is perfectly at liberty to treat the hair on her head in the same way it treats the hair of every other cadet."

The judge is right. Shaving Ms. Faulkner's head is not, in these circumstances, a gender-specific humiliation — and anyone who would make it so is huying into some thoroughly retrograde notions about sexuality and stigmatization.

Listen, for instance, to what Sandra Lynn Beber, a lawyer for the Justice Department, said in asking Judge Houck to reconsider his ruling. "Under the guise of gender-neutral grooming policies, defendants would implement rules which altogether denigrate Ms. Faulkner's identity as a woman." Her hair is part of Shannon Faulkner's identity as a woman? In saying so, Ms. Beber is echoing the sentiments of those French who, 50 years ago, "punished" females who had been too friendly with the enemy by robbing them of their "crowning glory."

Shannon Faulkner knows what a woman is. A woman is somebody who had to fight very hard to get into the publicly funded college of her choice — not because she was not up to its academic standards but because it did not want her kind, the female kind, around. Furthermore, she was right the first time — when she said "It's only hair."

— THE NEW YORK TIMES.



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## The Sweatshops for Children Are Unfair All Around

By Jack Sheinkman

**N**EW YORK — Summer is a time when children in the Western democracies look for jobs to earn some extra money before returning to school. But what about the 100 to 200 million children worldwide who work summer and winter, with no opportunities at all for schooling? According to the organization Child-Rights Worldwide, this number will reach 400 million by the year 2000.

Yet the U.S. Congress may soon agree to put the U.S. signature on a worldwide trade agreement, the General Agreement on Tariffs and Trade, that locks this outrageous situation into place.

White American children are in summer school or at camp, children as young as 3 and 4 are weaving carpets in Pakistan. The International Textile, Garment and Leather Workers' Federation has documented appalling conditions worldwide.

In Karan, Pakistan, 5-year-old Shakeel works with 300 other children from 6 A.M. to 7 P.M. for less than 20 cents a day. A sign in his workplace says that any child caught sleeping will be fined \$60. If

any of these children cry, they are beaten or forced to spend five days chained to the loom.

Some children in India brandied like cattle by their employers. Last year in New Delhi, an 11-year-old working in a weaving factory had paraffin poured over his head and was set afire by his boss as a punishment.

When the Clinton administration signed the North American Free Trade Agreement last year, it declared that workers' rights and environmental standards were as vital to a trade pact as narrow commercial concerns.

Led by Trade Representative Mickey Kantor, administration officials advocated that protections for these rights be included in the GATT accord. Faced with opposition from countries whose competitive advantage derives from a low-wage labor pool, Washington did not prevail.

As soon as next week, Congress, working with the administration, could agree on a final version of legislation to carry out the accord. Congress then has 90 days to vote on the bill,

with no option to make any changes — what is known as the fast-track procedure.

By racing to carry out the accord without toughening its labor standards, Congress and the administration are putting millions of U.S. jobs at risk by linking the American economy to those of countries that lag dramatically behind America in wages and work standards.

Supporting the agreement in its current form means supporting the multinational corporations that roam the globe in search of ever lower labor costs and do not want to give up their right to rob children and young adults of their youth.

Thus, setting humanitarian work standards, as recognized by the International Labor Organization, is not only the ethical thing to do, it also makes economic sense. GATT should be revised to guarantee rights for children and parents just as lawmakers seek to protect copyrights, patents and other rights in the expanded global economy.

If the current accord is ap-

proved by the United States and other member nations, there is a way it can be strengthened. After it goes into effect, GATT will put into place a World Trade Organization to oversee the new trade rules. This body should include mechanisms to enforce internationally recognized workers' rights, including outlawing child labor, and set environmental standards.

In an era when foreign policy is increasingly intertwined with economic interests, the United States should use its considerable influence to protect American living standards while improving the lot of workers abroad.

The writer is president of the Amalgamated Clothing and Textile Workers Union. He contributed this comment to The New York Times.



By PETER GRANT, Cartoonist & Writers Syndicate

## These Presidential Shenanigans Are Giving Justice a Bad Name

By William Safire

**W**HITING — If the opening Whitewater hearings proved anything, it is the abiding and sometimes intrusive interest that the Clinton White House takes in the administration of justice.

Early last year, the Clintons ordered Attorney General Janet Reno to take the unprecedented step of firing all U.S. attorneys across the country and replacing them with their own.

We wondered then if the primary purpose of that partisan purge was pure patronage or to delay the indictment of Representative Dan Rostenkowski by Republican Jay Stephens in Washington.

Now we can logically surmise that the reason was to keep the pattern of keeping friendly faces in troublesome places.

Senator Specter said Robert

Fiske (frequently described in this space as "the non-independent counsel" and rightly replaced by the court) had confirmed that an investigation was under way "for obstruction of justice."

Clinton appointee Casey refused to reduce charges against, or grant immunity to, the Small Business Administration's David Hale; when given such an incentive by Mr. Fiske, Mr. Hale accused the Clintons of pressuring him to make a fraudulent \$300,000 loan. Ms. Casey apparently tried to

Whitewater investigation. How any Clinton-appointed prosecutor under threat of prosecution for abusing his power by rejecting criminal accusations for political reasons can be continued by Clinton Justice to determine prosecutions boggles the mind, but is part of the pattern of keeping friendly faces in troublesome places.

Judiciary Senators Joseph Biden, Orrin Hatch and Specter, along with House Judiciary's Jack Brooks, are unaware of a Clinton plan to revamp the Criminal Division. Its purpose: partly to transfer power from Justice professionals to the all-Democratic U.S. attorneys, and mainly to repackage current operations to make it appear that the Clintons

are tough on crime. Jo Ann Harris, a respectable New York prosecutor, is the Criminal Division chief. (She, along with Bernard Nussbaum, recommended the hiring of the gentle

Mr. Fiske, her former boss, after a tougher choice demanded assurance that White Counsel would not assert attorney-client privilege.) To the dismay of Justice professionals, her division is about to present itself as the nation's defender against violent crime.

For this public relations purpose, the division is to be restructured. Violent Crime is to be split off from Terrorism and set up as a high-visibility unit under Mary Landrieu. Its first pay-off into publicity will be to dramatize crackdowns on violence at abortion clinics, which have a powerful appeal to a Clinton constituency.

The bureaucratically homeless Terrorism would then be set on the laps of the counterfeits of Internal Security in a smirky sensible National Security section. Because the name of the General Litigation section puts reporters to sleep, it will be abolished, its tasks and personnel sprinkled around. Money Laundering, no longer sexy, will be divvied up between

Asset Forfeiture and Narcotics. The reason for today's inside baseball is to show how the inclination to jazz up and jingle justice is a Clinton trait. Naming Day on Ninth Street by matriarchal management may be merely silly, but keeping control of self-investigation is dead wrong.

Hence the hurried appointment of Ms. Casey in Little Rock; the presidential fury at the reversal of cronies Roger Altman, where he could monitor inquiry into bank fraud in Little Rock; George Stephanopoulos's memorable "find a way to get rid of him" about Banquo's ghost, Jay Stephens; and the Nussbaum-Harris selection of friendly Fiske, now corrected by the courts, to Clintonite horror.

In this week's eye-popping analysis by Michael Duffy, Time magazine calls this a "Culture of Deception." It is giving Justice a bad name.

The New York Times.

## In Germany, Such an Artificial Memorial Is Hardly Necessary

By Michael Wolffsohn

**F**RANKFURT — Insulating the past in swaddling layers of artificiality is the newest trend in commemorating events in German history. Those responsible are not predominantly the unreconstructed partisans of the bygone, nor the opponents of any form of remembrance, but rather the politically correct Good Germans. The controversy surrounding the Memorial for the Murdered Jews of Europe is a case in point.

This memorial is to be created in the center of Berlin on the site of Hitler's command bunker, in close proximity to the area in which the most important of the new German government buildings will be located. The opening of the memorial is planned for early 1996.

Historical centers and memori-

als may be necessary in Israel, the United States and other countries where the Holocaust did not take place and where there is no particular logical place to commemorate the millions of murdered Jews. In Germany, such a memorial is to be created in the historical sites where the crimes were committed (and, of course, at the sites of the liquidation camps in Eastern Europe, Auschwitz in particular). These are places where the horrors of the Nazi era become visible and palpable, places where the visitor must confront the past with heart and mind. The realities of the historical sites demolish the "artificialities" of those who seek to

deny or diminish the Nazi crimes.

In contrast, Holocaust memorials in Germany and for Germans can only be artificial. Because they are necessarily art, they add an unnecessary layer of insulation, thus isolating the past rather than making it more accessible.

A central memorial in the German capital, we are told, is of inestimable value in connection with official visits from abroad. State guests will be able to lay a commemorative wreath at the memorial and can, within minutes, take up or resume their official business in the nearby government ministries. How superficial! Historical remembrance becomes just another entry

on the daily schedule, to be abolished with logistical efficiency and as little loss of time as possible. First a quick wreath-laying ceremony and then off to the "battle of the buffet"? The notion is not only tasteless, it is also cynical, even if the cynicism is unintended.

The events of the past are best confronted at the historical sites. Many of them are within easy reach of Berlin: Sachsenhausen and Oranienburg, for example. What is more, the sites of the worst crimes (Auschwitz and the others in Poland) are much closer to the new-old capital of Berlin than they are to Bonn. Up to now, state guests from Israel have generally laid a commemorative wreath at Bergen-Belsen and were then flown by helicopter to Bonn. Will it not be possible in the future to fly from Bergen-Belsen (or Auschwitz) to Berlin?

Many politically correct Germans automatically apply the strategy of insulation not only to the remembrance of the crimes of the Nazi past but also in dealing with the neo-Nazis of the present. Those who indiscriminately label anything on the opposing side as "right-wing," "Nazi," or "anti-Semitic" not only overuse, abuse and trivialize historical terms. The unintended effect is to help insulate — rather than isolate — the real Nazis

## OPINION

**Immigrants Can Fit In Too Well**

By George F. Will

**SAN DIEGO** — Here, hard by Mexico, and with the surf's concussions rhythmically reminding natives of the ocean across which Asian immigrants now come as Europeans once did across the Atlantic, the debate about immigration rages. It is sifting up with misunderstandings, according to Wayne Cornelius, director of the Center for U.S.-Mexican Studies at the University of California San Diego.

He believes that one of today's problems may be too much rather than too little "assimilation." Certainly the nightmare of many immigrant parents is that their children are becoming too much like the native populations they are closest to. The alleged failure of, or resistance to, assimilation is the basis of the cultural, as distinct from the economic, criticism of current immigration. But Mr. Cornelius asks, suppose today's immigrants were importing a dangerous culture value — say, advocacy of authoritarian government?

Or more pointedly, he says: Suppose native-born Americans today had the 1960 rate of illegitimate births, and immigrants were importing the soaring illegitimacy rates that native-born Americans now have (68 percent for African-Americans, 50 percent for society as a whole). Then the cultural critique of immigration would be understandable.

**LETTERS TO THE EDITOR****The Population Threat**

Population revisionists who say that demographic growth is "not the overwhelming affliction for developing countries that some may have claimed" ("Where Development and Population Meet," Opinion, Aug. 6) have hardly broken new ground. How do they really differ from the Soviet bloc and certain developing countries which 20 years ago maintained that "development is the best contraceptive"? Are they all that distant in their so-called new thinking from the Reagan-Bush era theorists who held that population growth was a neutral factor in development?

Meanwhile, our human numbers soar by nearly 100 million per year, and 95 percent of that growth occurs in the poorest countries in the world. Can the world really double the food production achieved from the beginning of agricultural history until today within the next 35-40 years to accommodate the doubling of its human population projected within that time frame? The revisionists may think so, but Nobel

Peace laureate Norman Borlaug, the father of the Green Revolution, has very grave doubts.

If the next billion people join us in 10 years, as expected, all development gains may be severely eroded, if not canceled altogether. We need to battle development obstacles simultaneously, but never at the expense of bringing population into balance with the environment and resource base of this planet.

WERNER FORNS,  
President  
The Population Institute  
Washington, D.C.

**Standing Up in the Store**

Concerning A.M. Rosenthal's article "America Subsidizes China's Army" (Opinion, Aug. 6), why depend on the decision of President Bill Clinton or any other politician regarding China? If people are opposed to human rights abuses, let them boycott Chinese products. It's as easy as checking the "Made in China" label.

BILL BELOW.  
Paris.

ents in cities are terrified of what their children are apt to learn at school — sex, drugs, petty crime.

The idea that millions of immigrant parents are resisting assimilation is, Mr. Cornelius says, a myth. "Cultural maintenance" of the immigrants' old identity is more apt to be a goal of Anglo intellectuals than of immigrants. "Lack of English," says Mr. Cornelius, "is the single most important factor working against improvement of immigrants' economic condition — and they know it."

Immigrant parents who remain monolingual do so primarily for two reasons. Working dawn to dusk, they are too exhausted to attend ESL (English as second language) classes. And there is an acute shortage of such classes.

The rising aversion to immigration masks Americans' ambivalence about immigration, ambivalence rooted in economic rather than cultural calculations. There always will be, Mr. Cornelius says, jobs that "Americans do not raise their kids to do." It is to say no more, rare to see an Anglo working in a car wash. Chances are, a non-English will serve you in a Southern California restaurant.

There are similar realities in other industrial nations. Japan's 300,000 illegal immigrants are less than 0.5 percent of the work force but are indispensable to the economy because Japanese parents, even more than American parents, do not want their children performing some work that society wants performed. In Spain, child care is done largely by Dominicans and Peruvians.

As America's population ages, the shortage of entry-level workers, especially for small and medium-sized businesses, will deepen America's ambivalence about immigration. But Mr. Cornelius argues that if by "effective control" of immigration we mean equilibrium between the supply of immigrants and the demand for their labor, we may have that now.

There may be places (Los Angeles, for instance) and sectors (agriculture) where equilibrium does not exist, but nationally there is no large pool of unemployed immigrant labor.

Americans, says Mr. Cornelius, would prefer that immigrants do their jobs and then disappear at the end of the day. But they won't, and Americans won't do without the work that the immigrants do. So Americans, conflicted and with slightly guilty consciences about immigration, will, he says, continue to be wrong — sometimes willingly — about facts and their inferences from them.

Washington Post Writers Group.

**BOOKS****DAISY BATES IN THE DESERT: One Woman's Life Among the Aborigines**

By Julia Blackburn. 240 pages \$22. Pantheon.

Reviewed by Leslie Brody

THE FACTS are only scaffolding in Julia Blackburn's hybrid nonfiction book about an Australian writer and traveler, "Daisy Bates in the Desert." Employing unfussy, lyrical language, Blackburn concentrates on the collision of black and white, old and new cultures that underlies Bates's life among the aborigines. Part biography, part autobiography, part novel, the book's technique matches Bates's temperament — composed, deep and daring, seesawing between Jane Austen and Calumny Jane. Admitting up front that most of Bates's memories were at least embellishments and more often entirely made up, Blackburn writes, "Daisy Bates was a liar, of that I am sure, but the extent and the exact details of her lies remain a difficult territory for which no good maps have survived."

Born in 1860, Bates claimed to have come from an British-Irish aristocratic background. There was the family manor house, the doting father, the meeting with Queen Victoria when she was a little girl. None of checks out. In reality her Irish-Catholic family was poor. Her mother died when she was young, and her drunken father ran away with another woman. Bates arrived in Australia in 1883 with nothing and proceeded to invent a life.

Australian myths converged when she met and married Edwin Henry Murrant (better known as Breaker Morant). They drifted apart before the marriage was a year old, never divorced, and apparently Bates suppressed it. She married again — a man named Bates — then after five years in England by herself (during which time she dabbled in journalism, occultism and probably prostitution) returned only to leave dull Mr. Bates and her long-neglected son permanently.

At 42, Bates moved into a tent in the desert. She lived there among the aboriginal people of the Australian southern desert until her death at 91.

At the center of Blackburn's book is a cool and dreamy first-person narrative of Bates's life in the desert, including a sometimes paternalistic, often visionary interpretation of the events and attitudes that defined aboriginal culture. In a lecture in 1933 (which may or may not have actually oc-

**WHAT THEY'RE READING**

• Regis Boitet, president of the Kelas & Châteaux hotel association, has just finished "La Tentation de l'Europe" by Alain Juppé.

Written before Juppé became France's foreign minister, this is a fascinating insight into this politician who appears cold and distant in the media, but in this book, reveals a much more human character, struggling with the temptation to abandon politics. (John Brunton, IHT)

curried), Bates stunned her audience by suggesting that whites take responsibility for the chaos they had caused in the lives of the indigenous people of Australia and called for a corridor of land across Australia to be set aside for aborigines only. Her words were largely unheard, or were met with contempt and misunderstanding, the symbolic of the poor-savages mentality that polluted the age.

Blackburn takes the reader on a guided tour through the imagination of a complicated, lonely, dramatic, elusive heroine, at odds with her own culture,

"Who are you, Mrs. Bates?" Blackburn writes.

"I am Kabbarti, the white skinned grandmother. I am the

Great White Queen of the Never-Never and I have come from the land of the Dead to help my people in their hour of need. I am also a lady from a very good family, you see that immediately, of course, bear it in your voice.

Several important men have wanted to marry me including a Bishop and an English lord, but my destiny has kept me here."

Bates is fascinating, but so is her biographer — more impresario than museum curator.

Blackburn's presentation of her somewhat mythic subject as a thinking, breathing woman includes a collateral ramble through her own past. Sometimes she transfers her dreams and adventures directly to Bates. And why not? Bates wasn't born great or brilliant or holy. She's enthralling because she gets cranky, because she gets old, because as engendered by Blackburn her life is so vivid and full and mysterious. Who can say what she did or didn't experience?

Leslie Brody, a regular book reviewer for Elle magazine, wrote this for The Washington Post.

**BRIDGE**

By Alan Truscott

ONCE North-South pairs reached four spades and in one case, as shown, the contract was doubled. This contract appears to have four losers, but in both cases the opening lead was the obvious top heart honor, and this proved to be fatal to the defense.

In four spades doubled, Win Yang Chang of Pennsylvania

was South for the Jedi. Woolsey, West for the Terminators, shifted to a club — too late. South played low from the dummy and captured the jack with the ace. He then proceeded to strip the hearts from his hand, using two trump entries to his hand in the process. Finally, he led the club queen

from the dummy and East was endplayed. He had to choose between giving a ruff and sluff or permitting dummy's diamond king to score.

In the replay, Rob Gordon was South for the Terminators. He received a trump shift, and achieved the same result by stripping hearts and throwing East in with a club lead. But as he was not doubled, the Jedi gained 5 imps.

Two unhappy West players discovered in the post-mortem that they could have beaten the game by avoiding the routine heart lead, preserving a crucial entry, and instead leading a minor suit. A club lead, certainly unlikely, gives South no chance.

After the diamond queen lead,

covered by the king and ace, East can lead a heart and West can shift to clubs effectively.

NORTH  
♦ A 10 7 5 3  
♦ 4  
♦ K 10 8 4  
♦ Q 3

WEST  
♦ A K 7 2  
♦ 6 7  
♦ 5 6  
♦ 4 3 2

EAST  
♦ Q 9 8 3  
♦ 9 8 7  
♦ 6 5  
♦ 4 3

SOUTH (D)  
♦ K 9 8 4  
♦ J 10 8 5  
♦ 6 5  
♦ A 10

Neither side was vulnerable. The bidding:  
South: West: North: East  
1 ♦ Dbl: 4 ♦ Dbl:  
Pass: Pass: Pass: Pass

West led the heart ace.

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**Baseball's Real Problem Is Loss of Panache**

By Nicholas Dawidoff

BOSTON — Barring a miracle.

Major league baseball players will lay down their bats this Friday and strike for the fifth time in 23 years. Beyond the obvious misfortune of interrupting a season ripe with lively pennant races and trouncing some astonishing home run totals compiled by supple young sluggers like Frank Thomas, Matt Williams and Ken Griffey Jr., the specter of this impending strike makes clear what has been true for

**MEANWHILE**

quite some time. The national pastime is making itself passé.

For months now baseball fans have endured screeds and counter-screeds from Richard Ravitch (speaking for the owners) and Donald Fehr (the players' mouthpiece). We can hardly sympathize with baseball's owners, Byzantine barons who are so eloquent as describing their impending financial ruin and then so aloof concerning the particulars of their bookkeeping. Yet the players have displayed an equally grubby nature.

The average major league salary is \$1.1 million, while the lowest serif in the game earns \$109,000 — a sum that most Americans would consider a spectacular annual income. Yes, the owners probably do treat the players like chattel, but to bear millionaires pleading poverty is a bit much.

If his linguistic abilities were

exaggerated by adoring columnists, other features of his very public persona were not. It is true that Mr. Berg entertained companions by holding forth on the origins of modern English usage, Latin dictionary in hand, and that

he was a terrific spy for the government during World War II.

Like Mr. Berg, the Dodgers of the 1950s, the Brooklyn boys of summer, cultivated an affectionate press. And since journalists are the fans' eyes into the dugout, players like Carl Erskine and Roy Campanella were adored by Americans in return.

Something is missing from modern baseball: a certain seductive panache. For decades the game flourished in the popular imagination because beyond boasting superior hitters and pitchers, it was studded with characters. Not only was Babe Ruth a great player, he was the jovial "hambino," an ebullient hasher who joshed easily with reporters, happily guzzled hot dogs and dedicated home runs to sick children.

Morris (Moe) Berg, a mediocre catcher who had a lifetime average of .243 and hit a total of six home runs, was also a well-known and beloved figure who, as any 1930s barbershop babble could have told you, "speaks a dozen languages and can't hit in any of them."

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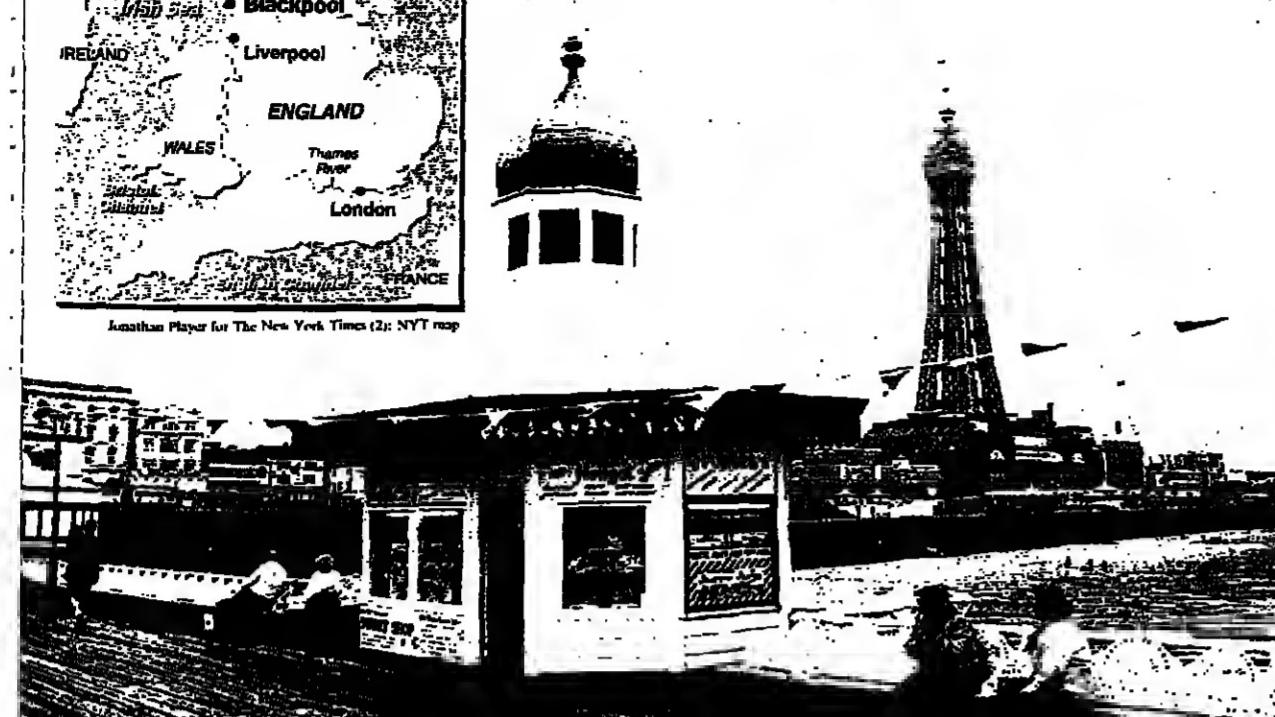
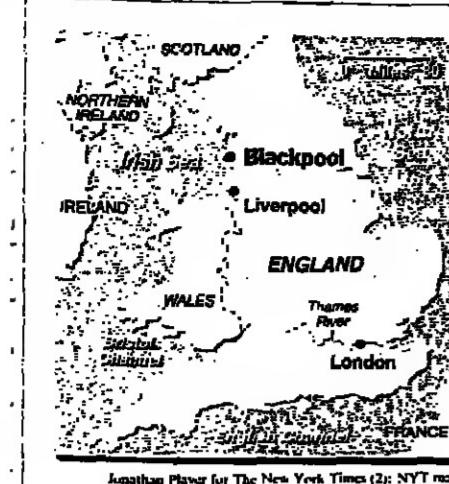
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# LEISURE



## Sharing the Bounty of Provence

By Patricia Wells  
International Herald Tribune

**S**UNSHINE, thyme, lamb, black truffles and wine are the hallmarks of Provençal cooking. Restaurants in this privileged region of France are at their best when they're small, homely, casual affairs, perfectly suited to the bounty and lifestyle of Provence. Here are some recent favorites.

Six years ago, Brigitte Pizzocco and Pierre Rouby were drawn to the tiny hilltop village of Le Beauzet — near the village of Venasque and not far from Carpentras — by its natural, rustic charm. Even since opening day, their faithful, international list of diners seems to agree. While Pizzocco tends the stove, Rouby sees to the small dining room, a no-frills spot that seats no more than 35 diners at a time.

Pizzocco is a native of nearby Beaumes-de-Venise, where as one of six children she eagerly took the job of family cook at a young age. Her passions are clearly transmitted to the food, for everything that comes from the kitchen sparkles with particular attention to detail. The downside is that service can be painstakingly slow, so don't bother with Amberge du Beauzet if you're the twitchy sort, or in a hurry.

Rather, come with a healthy dose of patience, settle into a small window-side table with a view of the lavender and cypress-filled valley below, and enjoy her personalized Provençal fare. On my last visit, daily offerings included a platter of fresh homemade ravioli filled with soft and tangy local goat cheese; a delicate wild mushroom tart rich with forward, woody flavors; a satisfying fricassée of Provençal rabbit, laden with tomatoes and herbs, and tender local lamb roasted with fresh herbs of Provence.

But the varied menu doesn't stop at the borders of Provence: She's just as adept with an earthy blood sausage (*boudin noir*) served with apples and potatoes, or a southwestern duck from the Landes, roasted with a touch of sweet honey.

Duo platters of cheeses — one of the young fresh goat cheese from the village of Le Beauzet, another filled with a mix of

regional French cheese — come as part of the 150-franc (\$27) fixed-price menu, and Rouby will make a face should you decline fromage. The dessert selection is huge, and might include a seasonal *clafoutis* of rhubarb or of red currants, *fromage blanc* served with a coulis of raspberries, or *Provencal nougat* with an apricot wine.

For such a modest spot, this is extensive and should provide some real discoveries. Try the always dependable *Gigondas* — deeply ruby and berry-rich — from Domaine du Cayron at 150 francs for the 1988; or a 1990 *Rasteau Côtes-du-Rhône-Villages* from the Domaine de la Sounade, priced at just 90 francs.

Marie-France Fel remembers the first "menu" she ever prepared, at the age of 9. The dinner consisted of roast chicken, fried potatoes and chocolate cake, served to her family in the village of Vaison-la-Romaine. You haven't been able to drag her away from the stove since.

Five years ago, she and her sommelier husband, Thierry, took over an already existing restaurant, La Table du Meunier, in the artist-colony village of Fontvieille, not far from Arles.

Quickly, they attracted artists, crafts-men and villagers, along with the many international travelers drawn by the sun-shine and energy of Provence.

### HEAR THIS

■ "Smells good," said 9-year-old Caitlin O'Connor as she reached over to grab a handful of caterpillar crunch, a pan-fried mix of pecans, cumin, cayenne pepper and mealworms. Caitlin was one of about 25 people who attended a bug-eating seminar at the Oregon Ridge Nature center in Maryland. A waxworm, anyone? "Kind of juicy, like a fruit candy with juice in the middle," advised one of the young gourmands.

Their simple dining room — decorated in tones of brown, orange and stone — seats only 25 guests, the maximum number a single cook can manage. Yet the energetic 28-year-old cook — who has a diploma from Gaston Lenotre's school in Paris — is unflappable and heartened by the attention La Table du Meunier receives from the locals.

One regional specialty that's always on the menu — no matter the season — is *crepeaux*, a seven-layer omelet, each layer seasoned with a different herb or vegetable. The prepared omlettes are layered in a large round vessel, then baked in a bain-marie. Once cooked and cooled, the omlettes are served in cake-like wedges, with a fresh tomato coulis. The origins of the colorful dish: Farmers who spent a week each year walking their sheep from the mountains to the valley left home equipped with several variously flavored omlettes, providing them a meal for each day of the trek. (I always wonder about the gourmands who might eat two in a single day, mightily dwindling their stash of rations.)

The outgoing Thierry, with his Auvergnat-style handlebar mustache, will guide diners through the menu, suggesting perhaps roast quail with olives, a salmon gallete with sorrel sauce, Marie-France's popular fish soup (enhanced with wild thyme and fennel), or a sturdy stew, a *gardiane de taureau* prepared with bull's meat.

Desserts include simple tarts and cakes, and when it comes to wine, trust Thierry's palate: You won't go wrong with the house *Côteaux-d'Aix-en-Provence* from the Domaine de Costebonne from nearby Eygalières, a meaty red rich with the flavor of wild blackberries; or a newly discovered *Châteauneuf du Pape*, Lou Patala, available in both red and white.

*Auberge du Beauzet, 84210 Le Beauzet; tel: 90.66.10.82. Closed Sunday dinner and Monday. Credit card: Visa. 150-franc menu. La Table du Meunier, 42 Cours Hyacinthe Belton, 13990 Fontvieille. In summer, open daily. Off season, closed Thursday evening and Wednesday. Credit card: Visa. A la carte, 150 francs, including service but not wine.*

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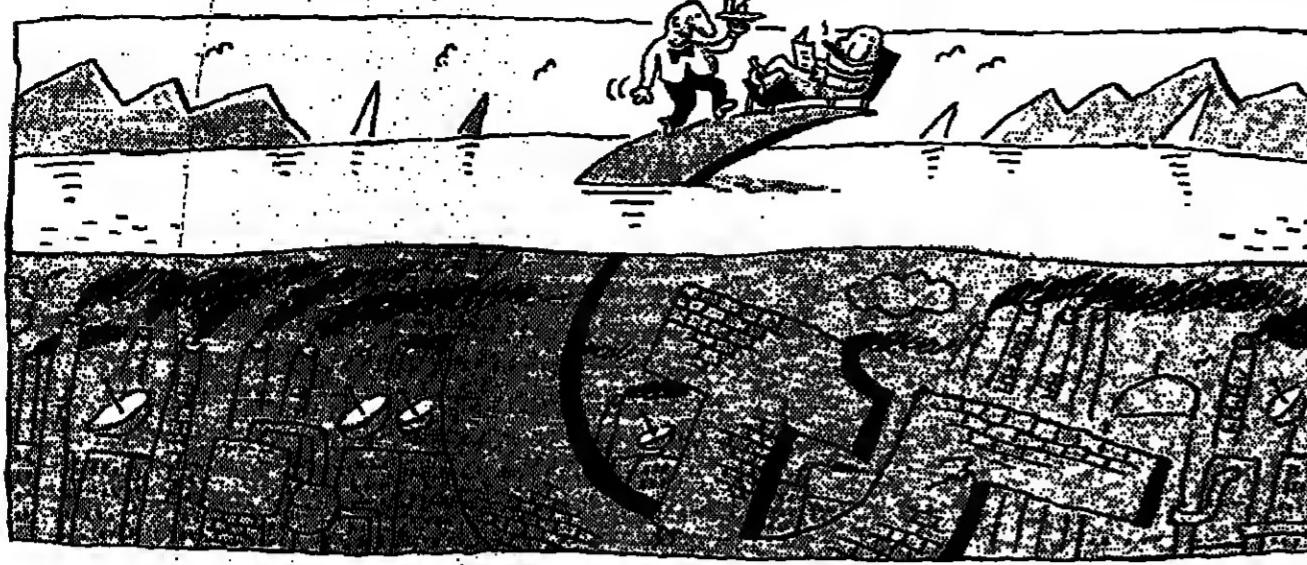
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BRIDGE & GERMAN LANGUAGE COURSES

# LEISURE

International Herald Tribune  
Friday, August 12, 1994  
Page 7



## A Visit to Liu Shaoqi's Retreat

By Sherry Buchanan

**A**NNING HOT SPRINGS, China.—We arrived at the Communist Party guest house that had once been a summer residence of Liu Shaoqi, the president of the People's Republic of China who, during the dark days of the Cultural Revolution, was tortured and beaten by Red Guards and left to die without food or medical attention in Kaifeng Prison. We were the only guests.

There was nothing in the quiet European-style, gingerbread, pink stone house, with French windows trimmed in pale green, where Liu and his wife came to take the waters, to reflect on China's bloody and revolutionary past. At 2,000 meters (6,500 feet), this could have been a corner of Switzerland, shaded by magnificant trees—unusual in colder climates at such altitude—and tall bamboo. The air was cool and dry, with mountains in the distance.

We had left Kunming in the late afternoon, driving past Lake Dianchi, one of the largest lakes in China, and the dramatic cliffs of the Western Hills, as the light from burnt-orange sun darkened the red soil of Yunnan.

Amid this bucolic landscape, black smoke rose from Kunming's Dickensian steel complex as we drove past ugly concrete dormitories, a satellite dish on every rooftop, the new opiate of the people. A few months ago, Beijing banned satellite dishes in an attempt to keep out foreign television programs, but I counted 169, from my Kunming hotel window alone.

We pulled up at the highway toll gates and were routed through the mandatory car wash that costs a few extra yuan and is a source of revenue for the local government. Rich Chinese buy special plates to avoid the rough bristles of the antiquated car wash, which tend to scrape off paint.

At a popular roadside restaurant, our Chinese host ordered a familiar feast in a region known for excellent food—warm goat cheese, smoked ham, three varieties of mushrooms (the region boasts 160 varieties), lilliputian green pumpkins stuffed with pork and lake shrimp—sweeter and milder than North Sea crabs.

The room was full of heavy smoke from the rough cigarettes manufactured by the local money-spinner, the Yunnan Tobacco Company, which I was told, makes \$2 million a day and pays 10 billion renminbi in taxes to Beijing every year. Paying taxes to the central government gives rich provinces freedom from Beijing, a state of affairs Yunnan has enjoyed thanks to its wealth and distance from the center.

A power failure emptied the restaurant and we made our way to the gymnasium in Anning to watch a string of future Nadia Comenescu, followed by 12 toddlers in white gym suits. With hair parted in the middle, girls and boys with red painted lips and cheeks twisted and bent their limbs, eerily flawless in performances for children so young.

Fifteen minutes later along a bumpy mountain road, leaving behind industrial Anning, tall gates opened onto that small corner of Europe.

The house with its veranda felt so familiar that it was disorienting in Yunnan's otherwise uniquely Asian landscape; red-earthed high plateaus; dark gray sculptured limestone pillars of the Stone Forest; gentle terraced orchards and rice fields in the valleys; blue lakes so vast waves break on their beaches and traditional baked-mud villages. The house was built by a Shanghai architect, part Swiss sanatorium, part *maison de maître*.

I went up the creaky wooden staircase to the bedrooms. Inside, the past creeps through your bones: an ink bottle and two wooden ink pens on the desk and cotton

sheets thick and crisp as only old-fashioned laundering techniques can make them, a thermostat and two teacups with lids, a spittoon (which I mistook for a chamber pot) and a mosquito net.

It was homey and comfortable and smelled a bit musty, like somebody's lost childhood in boarding school or summer camp. The guest house is still used for military personnel needing a rest, or for the provincial brass to spend a restful Sunday afternoon.

I had not expected that the Chinese leaders who led the People's Republic in anti-Western, crazed isolationism for close to 30 years had lived in such perfect bourgeois style. Nor had I expected to have a midnight soak in the steaming hot bathing pools tiled in white and pastel blue, with walls painted a dark turquoise, where all powerful beings had dipped before: the perfect place for discreet meetings for people in high places.

**I**MMEDIATELY outside the gates of the house, the old world spell was broken by the garish marble and mirrored hotels, where China's new rich spend 1,500 yuan a night (four times the average monthly salary) for weekends of karaoke, drinking and a few dips in the hot springs. Sunday strollers, men and women alike in straw hats with colorful polka-dotted ribbons, line up to shoot air guns at pink and blue balloon targets in the river.

A sign of the changing times: Our Chinese breakfast companion said he was opening a finance company in Kunming and was planning to charge 30 percent interest—enough to build many new hotels in Anning.

Sherry Buchanan is a journalist based in Hong Kong.

## The Sounds of Summer in Siena

By David Stevens  
*International Herald Tribune*

**S**IENA, Italy.—"Siena for the Siene" reads a small sign someone posted on a building near the shell-shaped Piazza del Campo, although this other city in the Tuscan hills is far from drawing the hordes of sweating humanity that inundate, say, Venice.

Except for July 2 and Aug. 16 each year, the dates on which crowds of tourists and even more Siene jam the Campo for the Palio, the flamboyant medieval pageant that culminates in the brief, non-holds-barred horse race exemplifying the rivalry of the *contrade*, the 17 divisions of the walled city.

A more common daily sight in Siena's sloping and winding streets in July and August is that of musicians carrying their instruments—that those play portable ones—to and from the Palazzo Chigi Saracini, whose Gothic facade curves gracefully along a bend in Via di Città.

The palace is the seat of the Accademia Musicale Chigiana, founded in 1932 by Count Guido Chigi Saracini, in a modern display of Renaissance patronage, carried on now by the Monte dei Paschi di Siena bank (est. 1472). The main activity of the

academy is an ensemble of master classes, in which a rigorously chosen number of young musicians are brought together with masters of their particular disciplines. Added to this is a program of almost daily concerts in the surrounding area, involving academy teachers and pupils, including a one-week festival, the Settimana Musicale Senese.

The faculty always includes an array of outstanding instrumentalists. Also on hand this year are Ennio Morricone, he of the Sergio Leone epics, for sessions on film music, and the tenor Carlo Bergonzi for an operas course that will culminate Aug. 30 in an "anthology" of Verdi's "Macbeth" drawn from both the lost score and the more familiar 1865 revision.

The festival week made musical history when it began in 1939 by ending the almost total neglect of Vivaldi, and the Settimana Musicale has remained faithful to Italian music off the beaten path.

This year's opening concert, for instance, offered what was described as the first complete modern performance of the four-chorus psalms by the early 17th-century friar Lodovico Grossi da Viadana, under Franco Bruggen, who heads the class in Baroque music. Other concerts featured chamber works by Italy's major 20th-century

composers, including Luigi Dallapiccola, Alfredo Casella, Gian Francesco Malipiero and Goffredo Petrassi (who celebrated his 90th birthday this year).

But there was also a Gogol program made up of Alfred Schnitke's suite for "Dead Souls" and another posthumous communiqué from Shostakovich—a fragment of a planned opera of "The Gamblers," begun during World War II and put aside when the composer realized it would be not at all heroic or patriotic, and therefore doomed not to be performed.

A singular charm of the festival is the matching, sometimes unlikely, of music and site in a city short on places for public performance. The Sala del Mappamondo in the Palazzo Pubblico, with Simone Martini's "Maestà" and equestrian portrait of Guidoricci da Fogliano on the walls, was a spectacular setting for Christopher Stembridge's playing on a 1519 organ, an instrument attributed to the improbably aptly named Giovanni Piffero (piffero, or piffaro, is the name of an early wind instrument, also of an organ stop).

And Andrea Lucchesini's playing, as this year's Chigiana prizewinner, of Chopin nocturnes and Brahms intermezzos, floated eloquently in the night air from the open courtyard of St. Catherine of Siena's shrine.

## THE ARTS GUIDE



Sacrificial knife from Peru, in Metz, France.

### AUSTRIA

**Salzburg** Salzburger Festspiele, tel: 43 (921) 20-221. Continuing/To Aug. 31: Includes performances of Stravinsky's "Oedipus Rex," staged by Peter Sellars and directed by Kent Nagano.

### BRUGES

**Groeningemuseum**, tel: (50) 34-79-59, open daily. To Nov. 15: "Hans Memling: Five Centuries of Reality and Fiction," brings together 30 works by the Primitive Flemish painter as well as paintings, drawings and sculptures by his contemporaries in Bruges.

### BRITAIN

**Edinburgh** Edinburgh International Festival, tel: 44 (31) 226-4001, Aug. 14 to Sept. 3: Features Beethoven's nine symphonies and all five piano concertos, performed by András Schiff and the London Philharmonic under Bernard Haitink, and a special production of "Fidelio" by the English Opera.

The dance program presents the work of 20th-century choreographers.

**National Gallery of Scotland**, tel: (31) 332-2265, open daily. To Oct. 23: "Monet to Matisse: Landscape Painting in France, 1874 to 1914," Landscape painting in France as a recurrent theme in Impressionism.

**Paris** Musée du Louvre, tel: 40-20-51-51, closed Tuesdays. Continuing/To Sept. 5: "La Réforme des Trois Coraci: Le Dessin à la Bologne, 1580-1620."

**Symbolism, Fauvism and Cubism** bringing together works by Cézanne, van Gogh, Rousseau, Gauguin, De launay and Picasso.

### GERMANY

**Bayreuth** Richard Wagner Festspiele, tel: 49 (921) 20-221. Continuing/To Aug. 28: Giuseppe Sinopoli conducts "Parsifal." Daniel Barenboim "Tristan und Isolde" and Peter Schneider "Der Fliegende Holländer."

### ITALY

**Verona** Verona Arena, tel: (45) 800-5151. Continuing/To Sept. 3: Performances of Verdi's "Aida," "Nabucco," and "Otello," Bellini's "Norma" and Puccini's "La Bohème."

### SWEDEN

**Drottningholm** Drottningholm Court Theatre, tel: 46 (8) 660-82-25. Continuing/To Sept. 8: A new production of "Youth and Folly," by an 18th-century composer, Edvard Dupuy.

### UNITED STATES

**New York** Metropolitan Museum of Art, tel: (212) 570-3951, closed Mondays. To Jan. 27: "Pharaoh's Gifts: Stone Vessels from Ancient Egypt," Alabaster, almandine, obsidian vessels that served as cosmetic containers, funeral equipment and royal gifts.

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## Germans Seize a 2d Shipment of Nuclear Material

By Craig R. Whitney  
*New York Times Service*

BONN — German authorities have discovered a second sample of weapons-grade nuclear material believed to have been smuggled out of Russia for sale to foreign governments or terrorist groups interested in building atomic bombs, the police said Thursday.

They said that they had seized the material, 0.8 grams of highly enriched uranium-235, in Landsberg, Bavaria, in June and arrested five Czech and Slovak men and a German woman as suspects in what they surmised was an attempt to arrange a larger sale of uranium to someone who wanted to build a bomb.

"This could turn into the most serious security threat since the end of the Cold War, and it is getting steadily worse," a high-ranking German official said. "We have not even begun to get it under control, and we won't unless we all — Americans, Europeans and Russians — work at it together."

### German Furor Grows Over Holocaust Case

*Reuters*

BONN — Three German judges who praised a far-right leader's character after sentencing him for denying that the Holocaust took place may be shifted to other duties, the president of the Mannheim court said Thursday.

The furor over the case深ened, with calls for the defendant to be sent to jail for a debate in Parliament on the subject and for the three judges to be dismissed.

Günter Weber, the president of the court, said the outrage and possible consequences would probably be discussed at a meeting Monday, adding that the judges could be diverted to

other duties. "I hope it will not come to that," he said.

Mr. Weber had earlier told the Berlin daily *B.Z.* that he questioned whether the judges could continue in their present functions for the time being because of the controversy.

"It can be assumed that suspected criminals in the future will refer to the public debate and say: 'We don't want to be sentenced by these Nazi judges,'" Mr. Weber said in an interview for Friday publication.

The court found Günter Deckert, leader of the far-right National Democratic Party, guilty in June of incitement to racial hatred for spreading the neo-Nazi view that there had been no gas chambers at the Auschwitz death camp.

He was given a one-year suspended term and 10,000 mark (\$6,300) fine because it is a crime in Germany to publicly deny the existence of the Holocaust.

Explaining the verdict on Tuesday, the court seemed to honor Mr. Deckert's convictions by saying he was "mainly motivated by his effort to strengthen the power of resistance in Germany against the Jewish demands stemming from the Holocaust."

It said Mr. Deckert "defends his political conviction, which is a matter of the heart to him, with great commitment and at the cost of substantial time and energy."

### Arsonists Strike At German Turks

*Reuters*

BONN — Arsonists gutted a Turkish prayer room in the southern town of Singen early Thursday, the latest in a series of attacks that have made Turks in Germany fear for their safety again.

The attacks prompted warnings that a wave of neo-Nazi brutality that peaked in 1992 and 1993 was again gathering pace. But security officials and Turks say the roots of the latest violence are much more complex, including rivalries among Kurdish and Turkish groups.

### ITALY: True, Bribes Were Paid, Berlusconi Admits, but They Were Just 'a Drop in the Ocean'

Continued from Page 1  
Tribune, marking his first 100 days in office, Mr. Berlusconi also made the following points:

• He said 200,000 jobs had been created since his government took office in May and took credit for new laws that provide fiscal incentives for companies to hire workers and reinvest profits.

• He promised to remain faithful to his campaign pledge to cut public spending "across the board," and especially in the health care and pension sectors, in order to contain Italy's runaway public sector budget deficit. He said details would be presented in September.

• He reiterated a promise to introduce legislation next month that would create a blind trust in order to avoid conflicts of interest between his position as prime minister and his ownership of Fininvest, which controls half of the Italian television market.

• He said that in bilateral meetings and during the recent Group of Seven summit meeting in Naples, he had forged "excellent, cordial and friendly relations" with President Bill Clinton, Chancellor Helmut Kohl of Germany and Prime Minister John Major of Britain.

• He said that while he hoped his government would last for the full five years of the legislature, "this will depend on the behavior" of coalition partners.

Mr. Berlusconi was particularly harsh in his criticism of the Italian and foreign press and of his leftist opposition in Parliament. He said the Democratic Party of the Left, the former Communist Party, "has no serious proposals, no strategy, no program, and is an orphan of the political faith of communism, which history has condemned definitively."

He complained bitterly that the Italian and foreign press had been unmercifully hostile in his government, in an "irresponsible" manner. "Whoever speaks against our government," Mr. Berlusconi contend, "is going against the interests of the country, and at a time when we need to work seriously for the future."

Among those he claimed were arrayed against his government were not only print journalists but also a large number of "left-wing" journalists at RAI, the state television network, and also "a part of the financial elite."

Returning to the investiga-

In May, the German police found one-fifth of an ounce of highly enriched plutonium-239 from Russia in the garage of a German businessman in Tengen, near the Swiss border in southern Germany.

The businessman, Adolf Jackle, has been under arrest and has told investigators that other samples of uranium and plutonium from the former Soviet Union and Eastern Europe were on the market in Germany and Austria.

But senior German officials say he has not yet led them to any prospective customers interested in buying the plutonium which is used in nuclear warheads. The authorities say they believe he was negotiating with Iraqi or Iranian contacts on a deal to put one of those countries in the position of being able to build a nuclear weapon.

The uranium in the latest case was seized June 13, the police said, but they announced it only now so they could complete their investigations. The German

woman, a real estate dealer, was arrested in her apartment only on Monday, police said, and was regarded as the ringleader.

There was no apparent connection with the earlier plutonium case, but it was not clear whether the police had any leads to the woman's prospective customers for the uranium. They did not release her name.

"The latest discovery in Landshut shows that international organized crime — a real atomic mafia — is at work here," said Günther Beckstein, the Bavarian interior minister. German officials fear that former officers of the Soviet KGB secret police are involved in procuring the materials for sale abroad by criminal groups.

Russian officials denied that the plutonium found in Mr. Jackle's garage came from facilities in their country, but German experts have told the government here that they were certain it did.



HAITIAN TRAINING — A paramilitary recruit learning to aim his rifle in Port-au-Prince as the possibility of a U.S. invasion grows. The UN special representative for Haiti, Dante Caputo, was reported considering a troubleshooting visit to the island.

### Fininvest Lawyer Surrenders

*Agence France-Presse*

MILAN — An Italian lawyer with Prime Minister Silvio Berlusconi's media-based conglomerate Fininvest, suspected of involvement in bribing financial police, has turned himself in, a Milan court said Thursday.

Judge Maria Cristina Forelli issued an arrest warrant against Massimo Berrettini at the request of magistrates investigating Italy's wide-scale corruption scandal.

Mr. Berrettini was denounced by a former financial police officer and Fininvest tax adviser, Alberto Corrado, who was ar-

rested Monday on charges of concealing business assets.

According to Mr. Corrado, Mr. Berrettini asked him to persuade his superior officer, Colonel Angelo Tanca, to overlook a bribe received from the Mondadori publishing house, which is majority owned by Fininvest.

Paolo Berlusconi, the prime minister's brother, is under house arrest for his part in the affair. He was accused by a Fininvest tax expert of authorizing a \$230,000 bribe to financial police to skim over the accounts of three Fininvest companies, including Mondadori.

Asked what kind of government he would like to be leading a year from now, Mr. Berlusconi sighted and said he wished for "a government that has achieved harmony and has begun to tackle the great structural problems facing the country."

Describing his government's prospects, Mr. Berlusconi put a brave face on his problems and noted that "Italy is a country of great potential and talented entrepreneurs, the economy is going toward a positive phase and I think we will be the protagonists of a new economic miracle."

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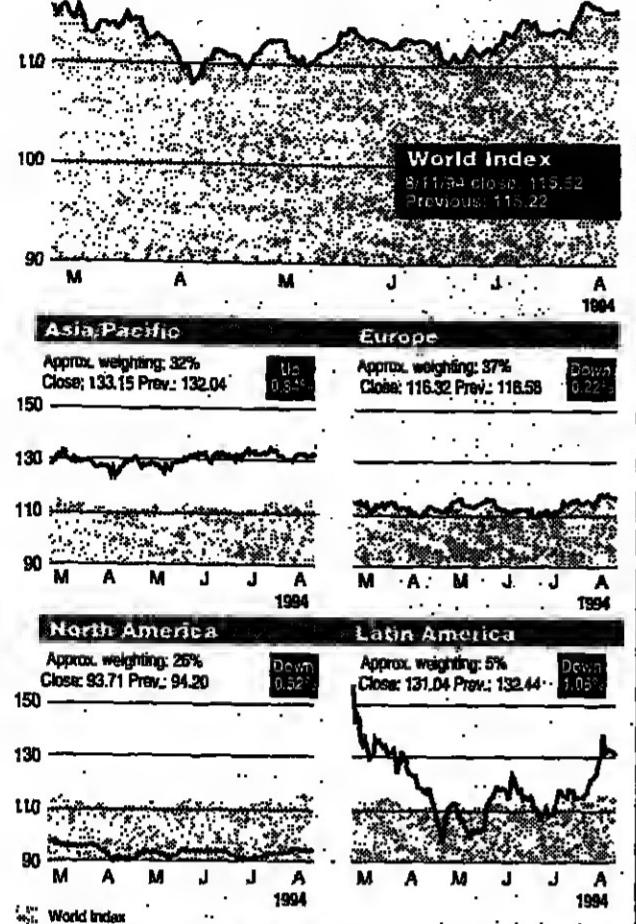
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	The class	Prev. close	% change		The class	Prev. close	% change
Energy	112.83	113.14	-0.27	Capital Goods	117.83	117.87	+0.26
Utilities	126.24	125.48	+0.68	Raw Materials	131.72	131.38	+0.26
Finance	118.05	117.28	+0.66	Consumer Goods	101.89	101.43	+0.26
Services	120.78	120.79	-0.02	Miscellaneous	132.15	132.36	-0.16

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## WALL STREET WATCH

### Rocky Start for China ADR

By Laurence Zuckerman  
New York Times Service

**N**EW YORK — China, one of the world's fastest-growing economies, is badly in need of more electricity. Its total output of 181 million kilowatts is already 20 percent less than its demand, which is expected to grow by 17 million kilowatts a year for at least five years.

Why, then, have American depositary receipts for shares of Shandong Huaneng Power Development Co., which operates three power stations in China's second-fastest-growing province, been selling for less than their offering price since they began trading on the New York Stock Exchange last week?

The answer reveals as much about China's bid to attract international financing for its modernization as it does about Wall Street's desire to attract listings from China: The concerns of the investors who put up the money seem to have been overlooked, forgotten or lost between those two drives.

Shandong Huaneng's poor showing could damage China's efforts to raise money for infrastructure by lowering prices of future initial share offerings.

Shandong Huaneng's rocky debut may also deal a blow to China's efforts to raise money to improve its infrastructure. Three more power companies are expected to be listed in New York and Hong Kong in the coming months. Unless Shandong Huaneng begins to trade above its offering price, those issues may have to settle for lower prices.

"You clearly have to take this into mind and probably price accordingly," said Anthony Cragg, who manages two international

funds for Strong/Corneliuson Capital Management Inc. "I can't see now how it could not have an impact."

Doors about Shandong Huaneng, which is the first Chinese utility to be listed overseas, developed soon after its stock opened Aug. 4.

More than 14 million ADRs — or 60 percent of the total offering — traded on the first day.

Each American Depository Receipt represents 50 class N shares, which are special dollar-denominated shares made available to American investors.

Though the ADRs closed at \$14.25 each, the same as the offering price, rumors that CS First Boston, the issue's lead underwriter, was supporting the price dented investor confidence.

The stock finished at \$14 on its second day of trading, indicating to some fund managers that CS First Boston was no longer willing to prop it up. More investors bailed out.

Shandong Huaneng ADRs then drifted down as low as \$13.50, where they closed Tuesday. On Thursday, the shares closed at \$14, up 12.5 cents.

CS First Boston said that it could not comment on the stock, citing regulations prohibiting an underwriter from commenting publicly about one of its deals until 25 days after it begins trading.

Several analysts blamed the stock's weak performance in part on the fact that Shandong Huaneng is a company created just for this deal so that the ADRs, representing 30 percent of the company's equity, could be listed in New York. Three Chinese state-

See ADR, Page 10

## CURRENCY & INTEREST RATES

### Cross Rates

	Aug. 11
Amsterdam	1.265
Brussels	5.9145
Frankfurt	1.2485
London (a)	1.2485
Milan	12.544
New York (a)	12.4559
Paris	8.34
Tokyo	10.87
Toronto	1.213
Zurich	1.2085
1 ECU	1.0772
1 SDR	1.0847

Clousers in Amsterdam, London, New York and Zurich. Rates in other centers: Toronto rates of 3.63. a: To buy one pound; b: To buy one dollar; c: Units of 100; MGO: not quoted; N/A: not available.

### Other Dollar Values

Currency	Per 5	Currency	Per 5	Currency	Per 5	Currency	Per 5
American peso	0.9901	Greek drach.	2.915	Malta, pesu.	3.377	S. Afr. rand	3.1615
Austrian sch.	1.4323	Hong Kong	1.6722	M. Peso	1.6722	S. Kor. won	401.05
Brazil real	8.4222	Iceland króna	189.48	Hrv. kuna	6.94	Swed. krona	7.6767
Canadian dollar	1.2022	Ind. rupiah	37.35	Malta, pesu	34.72	Taiwan \$	24.45
Danish krone	8.2955	Irish shill.	0.6955	Portug. esc.	1.0014	Thal. hong	32.97
Egypt, pound	3.2775	Italian lira	2.259	Swiss franc	1.2075	UAE dirham	1.0014
Flo. nairina	5.204	Japanese yen	120.44	Saudi riyal	3.75	Venez. bolív.	199.05
Forward Rates		Malta, pesu	2.3297	Sing. \$	1.3055		

### Forward Rates

Currency	30-day	60-day	90-day
Canadian dollar	1.2545	1.2566	1.2582
Deutsche mark	1.3237	1.3257	1.3269
Swiss franc	1.2334	1.2359	1.2387

Source: ING Bank (Amsterdam); ING Bank (Brussels); Banca Commerciale Italiana (Milan); Agence France Presse (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Data from Reuters and AP.

## Quiet Boom in Minas Gerais

### Brazilian State Now a Growth Leader

By James Brooke  
New York Times Service

de Janeiro to become Brazil's No. 2 state economy, after that of São Paulo.

Minas Gerais may be little known outside South America, yet its \$40 billion economy and its 16 million people are comparable to the economy and population of Chile.

U.S. investment has lagged behind that of Europeans.

Smaller only than Volkswagen AG in Brazil, Fiat represents the flashy face of a lesser-known region that is quietly enjoying the highest industrial growth in South America.

Along a 300-mile (480-kilometer) inland corridor linking the states of Minas Gerais and São Paulo, industrial activity is expanding at 10 percent a year, a pace seldom seen anywhere today outside coastal China.

"This will be the main plant for producing Fiat's new car model," said Pacifico Paolini, chief executive of the subsidiary. Betim is about 20 miles west of the state capital of Belo Horizonte.

Fiat of Brazil, already the Italian automaker's largest subsidiary, is investing \$1 billion in expanding the plant here — four times the parent company's planned investment at all other Fiat plants. This industrial surge has driven Minas Gerais past Rio

Even so, the score of American corporations already operating in Minas Gerais include Alcoa, Cargill, General Electric, TRW Automotive and Unicar Carhicle.

Citibank and Bank of Boston have offices in Belo Horizonte. American Airlines will inaugurate daily service between Miami and Belo Horizonte in December.

said, But the core rate of the index, which excludes volatile food and energy costs, rose just 0.1 percent.

"The headline number makes one's hair stand on end," said Robert Dederick, chief economist at Northern Trust Co. in Chicago. "But the core rate suggests inflation remains capped in the bottle."

For the first seven months of the year, wholesale price inflation was running at a 2.2 percent annual rate, compared with 1.7 percent in the same period a year earlier and 0.2 percent for all of 1993.

Alan Greenspan, chairman of the Federal Reserve Board, told Congress Wednesday the central bank had been placing less reliance on traditional inflation indicators such as the producer price index in its interest rate-setting deliberations.

Even so, the larger-than-expected wholesale price increase — along with evidence of rising wages, labor shortages and higher industrial materials costs — is likely to cause the Fed to raise interest rates a fifth time this year to cool the economy and control inflation, analysts said.

## Reed Elsevier and Philips Look for Acquisitions In U.S. Media Industry

Compiled by Our Staff From Dispatches

EINDHOVEN, Netherlands — Against a backdrop of American success in media enterprises and a weak dollar, two big companies with Dutch roots said Thursday that they were looking for acquisitions in the United States.

Along with favorable first-half earnings results that reflected an end to recession in Europe, Philips Electronics NV said second-quarter profit soared as stringent cost-cutting helped all divisions and rising global demand for microchips boosted operating income from semiconductors.

The Dutch electronics giant was also helped by lower losses in Germany and better sales of televisions and components, partly because of the World Cup soccer tournament in the United States. Consumers in many of Philips' markets, notably Brazil, bought television sets because of the sports event.

Meanwhile, with the dollar having weakened this year against major European currencies, American companies could be seen as bargains when compared with similar assets elsewhere.

Second-quarter sales rose 6 percent, to 14.30 billion guilders from 13.49 billion guilders.

Philips was supported by higher sales of consumer electronics goods and semiconductors, but the Professional Products & Systems unit continued to show weakness.

The consumer electronics division had a profit in the 1994 first half for the first time since 1991.

The other big improvement came in semiconductors and components, where operating profit jumped to 328 million guilders from 248 million guilders a year earlier.

Buoyed by economic recovery in Europe and strong demand in Asia and the Americas, Philips said it was more confident about business prospects.

"There is reason to believe that this year's performance in terms of net income from normal business operations will be substantially better than last year," it said.

The Dutch group, which devised the compact disk and the audio tape, has for years had trouble profiting from its inventions while nimbler competitors thrived.

After big losses in 1990 and 1992, it returned to a modest profit in 1993, aided by big cuts in debt and improved cash management.

"We are now moving out of the restructuring phase and into the revitalization phase. The huge amounts of money set aside to restructure the company are demonstrating their impact," said Dudley Eustace, finance director.

(Reuters, Bloomberg, AP)

## Microchip Demand Raises Philips Net

Compiled by Our Staff From Dispatches

EINDHOVEN, Netherlands — Philips Electronics NV said second-quarter profit soared as stringent cost-cutting helped all divisions and rising global demand for microchips boosted operating income from semiconductors.

The Dutch electronics giant was also helped by lower losses in Germany and better sales of televisions and components, partly because of the World Cup soccer tournament in the United States. Consumers in many of Philips' markets, notably Brazil, bought television sets because of the sports event.

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## Germany Braces for Debut of Money Market Funds

By Brandon Mitchener

*International Herald Tribune*

FRANKFURT — The Bundesbank dislikes them; small savings-and-loans fear them, and big banks regard them as a necessary evil. But small German investors are expected to flock to German money market funds over the next few months.

Long popular in other countries, such funds became legal in Germany on Aug. 1 despite reservations that they might complicate the Bundesbank's control over monetary policy and destabilize the banking system.

Lawmakers finally gave the so-called *Geldmarktfonds* the go-ahead this summer after years of watching helplessly as German money fled to Luxembourg and other neighboring

countries in search of higher returns and greater liquidity.

Now, rather than sit back and watch foreign fund companies capture the market, Germany's biggest banks are scrambling for a piece of the action themselves.

"It's often said that competition between German banks doesn't work, but I think this shows that it does," said Peter Pietsch, a spokesman for Commerzbank AG, Germany's third-largest bank.

A Commerzbank subsidiary that is one of the first institutions to market the new funds nationally claims to have collected more than 1 billion Deutsche marks (\$634 million) in investors' funds in little more than a week with promises of a net return on investment of 4.5 percent.

Although that is only slightly better than the return on a one-year time deposit, no-load funds offer far greater liquidity.

Mr. Pietsch said the overall market for German money market funds was expected to reach 15 billion DM by the end of the year.

Ironically, Commerzbank got the jump on other German banks by offering a money market fund managed by its big subsidiary in Luxembourg, where approval for such instruments takes just two or three days. In Germany, by contrast, it has been necessary to wait for approval from the country's banking supervisors.

Matthias Buszlaff, a spokesman for Deutsche Gesellschaft für Wertpapier-sparen, a Deutsche Bank AG unit that

is the country's biggest fund management company, said he hoped to get approval for two new money market funds within three weeks.

"We fought for them to be allowed in Germany, and it doesn't help us if we put them in Luxembourg," he said.

German banks in general and the country's hundreds of small savings and loan institutions in particular have good reason to fear the new funds, wherever they are based, because they will compete directly with the savings accounts and time deposits that are generally German banks' cheapest sources of financing.

More than 1 trillion DM is thought to be parked in short-term time deposits and savings accounts.

Banking sources said banks would

eventually have to improve the terms on such accounts or face a mass exodus of funds that could weaken their balance sheets and ultimately their credit ratings.

"At the moment it's still no problem, because customer demand has been lax, but there's a real danger if the idea catches on," said one savings bank specialist who asked not to be identified.

Possible reactions include an easing of the limit on what savings-account customers can withdraw during a month, raising the interest paid on basic accounts or combinations of the two.

While volatility in money markets is expected to rise if the funds prove popular, the problem is less acute just now, because rates are falling.

### Investor's Europe

Exchange	Index	Thursday Close	Prev. Close	% Change
Frankfurt	DAX	2300	2300	-0.1%
		2350	2300	+2.2%
		2300	2200	+4.5%
		2200	2100	+4.8%
		2100	2000	+5.0%
		2000	1900	+5.3%
1990 M A M J J A 1994 M A M J J A 1994 M A M J J A 1994				
Amsterdam	AEX	416.81	417.82	-0.1%
Brussels	Stock Index	7,677.16	7,688.84	-0.15
Frankfurt	DAX	2,165.28	2,160.37	-0.24
Frankfurt	FAZ	821.76	816.30	+0.67
Helsinki	HEX	1,852.70	1,876.10	-1.25
London	Financial Times 30	2,460.50	2,478.20	-0.71
London	FTSE 100	3,138.20	3,167.00	-0.91
Madrid	General Index	320.61	318.86	+0.52
Milan	MIB	1,061.00	1,060.00	-0.83
Paris	CAC 40	2,039.93	2,064.17	-1.22
Stockholm	Atlaersverden	1,909.77	1,947.55	-1.94
Vienna	Stock Index	461.41	460.84	+0.12
Zurich	SBS	924.63	925.06	-0.05

Sources: Reuters, AFP

International Herald Tribune

### Very briefly:

• Alcatel Alsthom SA, a French telecommunications, transportation and power-equipment company, said first-half sales rose 6 percent, to 78.06 billion French francs (\$15 billion) from 73.63 billion francs a year earlier, the company said.

• Spanish-based banks' after-tax profits fell 11.9 percent in the first half of 1994, to 26.56 billion pesetas (\$2 billion), compared with a year earlier, the Banking Association said. Loan loss provisions fell 26 percent as the economy improved.

• Dutch banking and insurance giant ING said the Polish government had approved its plans to open a life insurance unit.

• Daimler-Benz AG said it raised its investments in environmental protection 15 percent in 1993, to 669 million Deutsche marks (\$422 million).

• Banco Santander SA bought a 0.73 percent stake in Telefónica de España SA for 13.63 billion pesetas (\$105 million) from La Caja de Ahorros y Pensiones de Barcelona, the financial daily Expansion reported.

• Fyffes PLC, an Irish fresh-fruit supplier, said it had acquired a 70 percent stake in the German fruit distributor J.A. Kahl GmbH as part of its strategy to expand on the Continent. The price was not disclosed.

(Reuters, Bloomberg, AP, AFX)

### REED: Dutch Concerns Seek U.S. Media Acquisitions

Continued from Page 11

Lewis electronic information services. Read previously indicated interest in both concerns.

At Philips, the chief financial officer, Dudley Eustace, said the electronics concern wanted to buy a large media company. He said the acquisition would probably be in the United States because that is where the bulk of the industry was located.

Mr. Yeltsin said the scandal would serve as "a good lesson for our people." Meanwhile, authorities said they would file charges against Sergei Mavrodi, MMM's president, who has been detained for a week.

The company that Philips would look at would be largely active as a producer of software, such as film, music and other entertainment products, he said. Philips already controls PolyGram NV, a record company that has branched into movies.

operating profit and market, so I think it is logical that we should increase our profile with U.S. investors," said Nigel Stapleton, deputy chairman of Reed International.

Reed Elsevier is focusing on American business publishing. Mr. Stapleton said. The company already owns Cahners Publishing, which has about 80 titles, and the Official Airline Guides.

"Ziff and Mead Data are both in business and professional publishing, which is a high-priority area, and North America geographically for us is a high priority," said Mr. Stapleton.

"Fifty percent of our business is in North America in terms of

(AFX, Bloomberg, Reuters)

## Lower Oil Prices Dent Shell Profit

Compiled by Our Staff From Dispatches

LONDON — Royal Dutch/Shell Group said Thursday that weak crude oil prices helped shave 7 percent from its second-quarter net income on a current-cost basis.

The Anglo-Dutch petroleum company said it earned £574 million ( \$834 million) in the second quarter, down from £619 million in the 1993 second quarter. The figures are based on current costs, which take into account current prices for crude oil rather than prices at which inventories were acquired.

Shell said the results included special charges of £133 million; the company had special charges of £123 million in the second quarter of 1993. It said the charges in the latest quarter stemmed from litigation, property losses, damage claims, write-offs of idle assets and the sale of a subsidiary.

On a historic-cost basis, which takes into account the price of crude inventories at the time they were acquired, Shell earned £573 million, up from £575 million a year earlier.

Revenue slipped to £15.16 billion from £15.64 billion.

Shell's shares fell in London and Amsterdam. In London, shares of Shell Transport & Trading Co., the British arm of the company, fell 12 pence to 717. In Amsterdam, Royal Dutch Petroleum Co. fell to

195.90 guilders (\$111) from 196.70.

Crude oil prices in the second quarter averaged \$16.05 a barrel, \$2.20 lower than a year earlier, based on prices for Brent blend. The price decline offset a rise in sales volume, the company said, and held profit in the exploration and production division to £316 million, down from £408 million a year earlier.

The manufacturing, marine and marketing division earned £455 million on a current-cost basis, down from £578 million, as lower product margins offset higher sales of oil products.

The chemical sector continued to be unprofitable, posting a loss of £70 million, narrowed from £151 million in the 1993 quarter. The company said lower operating costs and a strengthening market helped trim the loss.

(Reuters, AFX, Knight-Ridder)

## European Recovery Begins to Show

Compiled by Our Staff From Dispatches

Evidence of Europe's economic recovery is fast showing up on the bottom line, a range of major corporations reported Thursday.

KLM Royal Dutch Airlines said net profit tripled in its latest quarter as total traffic jumped 12 percent, led by increased freight business. VEBA AG, a German electricity and chemical company, said the economic upturn helped push first-half profit up 43 percent and would lead to a "sharp improvement" for the full year. Recovery also boosted Britain's Royal Insurance Holdings PLC and helped SKF AB, the Swedish ball-bearing maker, return to profit.

But restructuring and other special items and price pressure in the healthcare sector depressed results at Britain's BOC Group PLC and Smith & Nephew PLC.

• KLM: The Dutch flag carrier earned 122 million guilders (\$69 million) in its first quarter, up from 40 million guilders in the year-earlier period, on higher traffic and lower costs.

The airline said revenue rose to 2.26 billion guilders from 2.11 billion guilders, while unit costs fell 6 percent. KLM said its load factor, which is the percent-

age of available space occupied by freight or passengers, improved to 71.5 percent from 71.4 percent.

• VEBA: The company had net income of 451 million Deutsche marks (\$286 million) in the first six months, up from 316 million DM in the 1993 first half, helped by strong electricity demand from Eastern Germany.

Sales climbed 7 percent, to 35.48 billion DM, while electricity sales rose 29 percent.

A one-time gain of 50 million DM from the sale of its Deutsche Hefewerke subsidiary was more than offset by 45 million DM in shut-down costs and a 120 million DM charge for a cost-management program in the chemicals division.

• SKF: The ball-bearing company said it earned 817 million kroner (\$105 million) before taxes in the first half, reversing from a loss of 469 million kroner in the first half of 1993, helped by a global recovery in the auto industry.

SKF said its sales rose to 16.63 billion kroner in the first half from 14.53 billion kroner in the 1993 first half.

The rise in demand from the car and truck industry expanded faster in the

second quarter than in the first. Sales to automotive clients outstripped actual production, the company said.

• Royal Insurance: An increase in British operations lifted Royal's first-half pretax profit to £191 million (\$294 million) from £82 million in the first half of 1993.

Pretax profit at the general insurance unit in Britain climbed to £178 million from £28 million a year earlier.

• BOC: The maker of industrial gases and health equipment said a restructuring charge of £85 million helped drag its pretax profit down to £169.3 million in the first nine months of its financial year from £261.6 million in the year-earlier period.

The restructuring offset an increase in revenue to £2.46 billion from £2.28 billion.

• Smith & Nephew: The health-products company had a pretax loss of £65.8 million in the first half, mostly because of a £148 million charge for the sale of its *Optiva* division.

That compares with a pretax profit of £79.5 million in the first half of 1993.

Smith & Nephew said sales rose marginally to £485.8 million from £482.5 million.

(Bloomberg, Reuters, AFX)

holders. Under the revised offer, all remaining shareholders will be paid £500, rather than just voting members as in the original offer.

Cheltenham said the revised plan closely followed the structure of the original offer, announced in April, but it must

now exclude by law shareholders of less than two years' standing and all bidders.

Cheltenham had sought to pay those members, but the court ruled that such payments were outside the terms of the Building Societies Act.

(AFX, Bloomberg)

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock Div Yield PE Ratio % High/Low Current Chg.

12 Month High Low Stock Div Yield PE Ratio % High/Low Current Chg.

### BANQUE NATIONALE DE PARIS

US\$ 400,000,000,- floating rate notes 1984 due 1995. The rate of interest applicable to the interest period from August 10, 1994 to February 10, 1995 as determined by the reference agent is 5.25% per annum namely US\$ 268.33 per bond of US\$ 10,000,-.

### INTERNATIONAL Herald Tribune

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## Taiwan Investigates Fund Managers

Compiled by Our Staff From Dispatches

**TAIPEI** — The Securities and Exchange Commission has launched an investigation of Taiwan's 15 investment trust companies, on suspicion that fund managers and outside traders colluded to manipulate share prices, industry executives said Thursday.

"They're looking for collusion and manipulation," said Kuo Shou-min, a fund manager with National Investment Trust Co., adding that his company's trading records had been examined by the commission.

Word of the investigation sent Taiwan shares plunging, with the benchmark Weighted Price Index losing 2.13 percent to finish at 6,692.02 points.

The commission declined to confirm it suspected fund managers and traders of colluding to manipulate stock prices.

Lorraine Chen, chief of the division that oversees investment trust companies, said the commission was involved in an annual review of trading by investment trusts.

Investigators are looking at company records in which investment strategies are spelled out and comparing them with

trades made by individual fund managers, she said.

"We're looking at whether their investment decisions are in line with stated objectives," Ms. Chen said.

Alain Yeh, a fund manager with President Investment Trust Corp., said commission officials had visited his firm and that the inquiry seemed to focus on trading in some individual stocks.

The commission's investigation follows remarks by Limin Day, who heads the agency, that stock prices were "high."

His comments were taken by traders as a sign the commission wanted to cool the market.

"Day's statement was the first hint to investors that the government has seen enough," said Ben Lee, an analyst at Nomura Securities.

Other analysts said Mr. Day was only expressing a private opinion.

"The market is also nervous about continued measures by the central bank to tighten liquidity in the face of inflationary pressure," said Yu Hoi-sheng, a broker at Universal Securities.

(Bloomberg, Knight-Ridder)

## New Runners in Asian Space Race

By Michael Richardson  
*International Herald Tribune*

SINGAPORE — Taiwan and Singapore are discussing a joint venture to put a commercial satellite into space, a project that would put both countries in a select group of Asian states competing with Western countries for space business.

An official of the Taiwan government indicated that an agreement had been reached with Singapore to manufacture and pay for the launch of a regional satellite, which would meet growing demand for television and telecommunication services in the Asia-Pacific region.

Japan, China and India already make their own satellites, and South Korea has announced plans to do so.

Steven Chen, head of Taiwan's Directorate General of Telecommunications, said the joint program with Singapore would cost \$215 million, with each party paying half and dividing the 24 transponder channels on the satellite between them. Reuters reported from Taipei.

"The two sides will sign contracts in October, and within three or four years we will complete manufacture and launch the satellite," Mr. Chen said.

The government agency he heads has a monopoly on telecommunications in Taiwan.

But a spokesman for Singapore Telecom, the country's recently privatized telecommunications company, said discussions with Taiwan were "at a preliminary stage," adding, "no formal agreement has been reached."

Singapore previously considered acquiring its own satellite but chose instead to rely on spacecraft put up by regional and international operators.

But with most other Southeast Asian countries getting their own commercial satellites and Asia in the middle of explora-

nary stage," adding, "no formal agreement has been reached."

Singapore previously considered acquiring its own satellite but chose instead to rely on spacecraft put up by regional and international operators.

But with most other Southeast Asian countries getting their own commercial satellites and Asia in the middle of explora-

Taiwan and Singapore are forging an alliance that would put them in competition for high-tech space business.

sive growth in satellite-based television and communications services, Singapore evidently has changed its mind.

"Any country that stays out of this market will lose out," said Brian Jeffries, editor of *Asia-Pacific Space Report* in Hong Kong. "If you want to be on the cutting edge of advanced technology, you have to be in the space arena."

As a precaution, Singapore is known to have applied some years ago to the International Telecommunications Union for orbital positions for any satellite it might want to launch.

For the successful bidder was named, Yong Kay, deputy director of the National Space Program Office in Taiwan's cabinet, said the most important factor in the final choice would be "how much technology these companies transfer to us."

Mr. Chen said that because Taiwan was not a member of the union, which is a specialized agency of the United Nations, it could not gain access to an orbital slot by itself.

Analysts said that if a deal between Taiwan and Singapore was finalized, it could involve joint purchase and operation of a Western-made satellite as a first stage, with local manufacturing later.

The two countries have close economic and political ties, as well as a strong interest in developing high-technology industries including communications and satellite broadcasting.

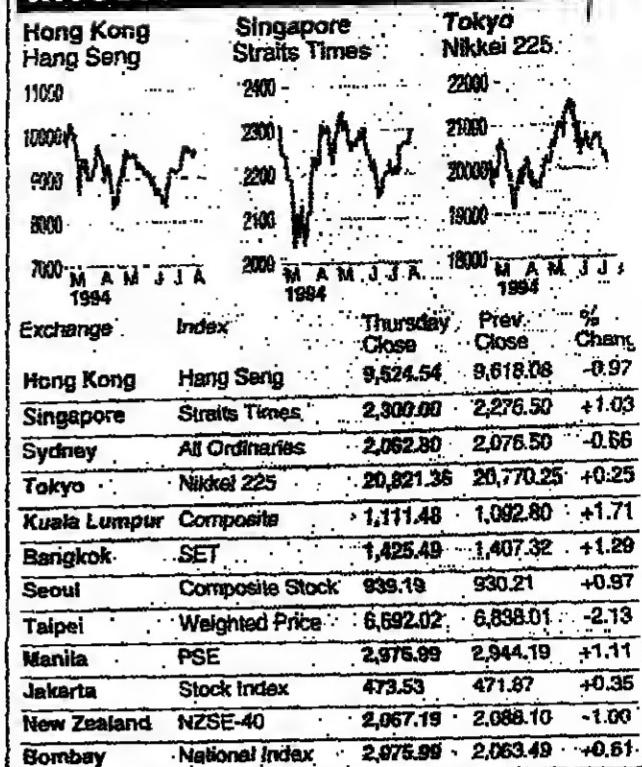
Mr. Jeffries said Taiwan had already put a program in place to acquire the know-how for building satellites "so it makes sense for Singapore to share costs and join in with what Taiwan is doing on the manufacturing side."

Under a government-funded space program costing \$516 million, Taiwan plans to have three satellites in orbit by 2006 for scientific research and communications.

In April, Taiwan's National Science Council awarded a contract valued at \$61 million to TRW Inc. of the United States to design and make the island's first satellite.

Before the successful bidder was named, Yong Kay, deputy director of the National Space Program Office in Taiwan's cabinet, said the most important factor in the final choice would be "how much technology these companies transfer to us."

## Investor's Asia



Sources: Reuters, AFP

International Herald Tribune

## Very briefly:

■ Samsung Electronics Co., South Korea's largest electronics maker, said first-half profit more than quadrupled, to 285.64 billion won (\$355 million) from 56.2 billion, because of an increased shipments of semiconductors and personal computers.

■ Mercedes-Benz AG plans to invest hundreds of millions of dollars in China in the next few years, and Daimler-Benz AG, its parent company, is seeking a Shanghai exchange listing.

■ Malaysian carmaker Perusahaan Otomobil Nasional Bhd. has teamed up with two Japanese firms to manufacture rubber automobile parts, despite of Proton's plans to start buying more parts from European and American companies.

■ Australian miner MIM Holdings Ltd. said it was still considering building a zinc smelter in Asia. It canceled a proposed smelter project this week with Nippon Mining & Metals Co. and Mitsui Mining & Smelting Co. because of the strong yen and low world zinc prices.

■ China will spend 30 billion yuan (\$3.5 billion) by 2000 on airport expansion and construction in more than 20 major cities, the Beijing-backed Ta Kung Pao newspaper reported.

■ Hutchison Whampoa Ltd.'s wholly owned Moory International Ltd. unit agreed to subscribe in cash for a \$42 million convertible redeemable note issued by Shell Electric Manufacturing (Holdings) Ltd., Shell Electric said.

(Reuters, Knight-Ridder, AFP)

## Economic Cooker Glows in Australia and Flames Out in China

### Canberra's Jobless Show Sharp Drop

AFP-Expo News

**SYDNEY** — A drop in the July unemployment rate that was larger than expected kindled speculation Thursday about a rise in interest rates, pushing the Australian dollar to its highest level this year and sparking a sell-off in bonds.

The Australian Bureau of Statistics said unemployment fell to a seasonally adjusted 9.5 percent last month, the lowest rate in more than three years, from 10 percent in June. Total employment rose 90,200 in July, the fourth largest increase on record.

The results so exceeded forecasts that the

statistics bureau put out a special statement saying it had rechecked its data. The data propelled the Australian dollar to its highest level this year, closing in Sydney at 74.65 U.S. cents, compared with 73.20 cents Wednesday.

About 67,600 of the new jobs came in the participation sector, with two-thirds of those going to women. Employment Minister Simon Crean said the increase was predominantly in services, particularly communications and finance, with small and medium-sized industry also gaining.

The surprise results prompted selling on the bond market and a rise in bank bills, which in turn pushed share prices lower.

According to a Baker & Young broker, Alan Young, employment figures have put the bond market "back into its spin about whether interest rates will go up sooner rather than later."

### Manufacturers Hurt By Beijing Damper

Reuters

**BEIJING** — China said Thursday that its industrial slowdown was hitting manufacturers of consumer goods and industrial raw materials, causing inventories to soar and further tightening a credit squeeze.

For Deputy Prime Minister Zhu Rongji, the dilemma is to maintain the delicate balance between growth and jobs on the one hand and inflation on the other. Mr. Zhu recently said inflation was the bigger threat.

The State Statistical Bureau reported Thursday that industrial output in July was 132 billion

yuan (\$15.35 billion), a year-on-year increase of 15 percent, with the figure for the first seven months at 88.4 billion yuan, up 15.7 percent. This meets Beijing's guidelines.

For many companies, however, it has happened too quickly.

Sales of industrial goods in the first seven months fell 1.5 percent from the like period of 1993. July output of color television sets, radios, refrigerators and rice cookers fell by as much as 30 percent. Production of raw materials such as steel, copper, aluminium, dyes, cement and timber dropped by as much as 22 percent.

Inventories of 30 major sectors were 31.6 billion yuan higher at the end of July than at the end of last year. The price of grain in 35 major cities in June was 52 percent higher than a year earlier, and food in general was up 27.8 percent.

On August 29th, the IHT will publish a Special Report on

## THE BRAZILIAN ECONOMY

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- A look at the commodities driving the economy.
- Brazil's relations with Argentina, Uruguay and Paraguay.

For more information, please contact Bill Maher in Paris at (33-1) 46 37 93 78, fax: (33-1) 46 37 50 44.

**Herald Tribune** INTERNATIONAL

### Malaysia Lifts Restrictions, Ringgit and Stocks Firmer

Compiled by Our Staff From Dispatches

**KUALA LUMPUR** — Malaysia's central bank lifted a nearly seven-month-old ban on the sale of short-term debt to foreigners Thursday, a move analysts said would strengthen both the Malaysian ringgit and the stock market.

Bank Negara imposed the ban this year to thwart foreign speculators who were betting on the currency's rise.

The central bank previously dropped other restrictions imposed this year, including a negative interest rate on foreign-held ringgit accounts.

The move was in line with the central bank's policy of using a strong ringgit, rather than high interest rates, to fight inflation, analysts said.

The ringgit was trading at 9.05 cents in early New York trading Thursday, compared with 38.76 cents Wednesday.

The move also was expected to boost Malaysian stocks. As foreigners buy Malaysian debt, brokers will put some of that money into stocks, analysts said.

The Kuala Lumpur Composite Index rose 1.7 percent Thursday. (Reuters, Bloomberg)

### Solomons Halts Firm's Logging

Bloomberg Business News

**HONOLULU** — Solomon Islands — The government on Thursday suspended the logging license of Silvania Products, a subsidiary of the Malaysian conglomerate Kumpulan Emas Bhd.

The action follows allegations that Silvania had engaged in illegal and damaging forestry practices, according to the government statement.

Silvania's license, for a timber venture at Marovo Lagoon in the Western Province has been suspended twice before.

Bank Negara imposed the ban this year to thwart foreign speculators who were betting on the currency's rise.

The central bank previously dropped other restrictions imposed this year, including a negative interest rate on foreign-held ringgit accounts.

### Aviation Takes Bite of Swire Profits

Reuters

**HONG KONG** — The trading house of Swire Pacific Ltd. posted a 14 percent increase Thursday in first-half 1994 net profit, to 2.1 billion Hong Kong dollars, in line with downward forecasts after Cathay Pacific's poorer results.

For Deputy Prime Minister Zhu Rongji, the dilemma is to maintain the delicate balance between growth and jobs on the one hand and inflation on the other. Mr. Zhu recently said inflation was the bigger threat.

But analysts said they still expected Swire — which has interests in aviation, property, trading, insurance, shipping and industry — to beat our expectations that full-year profit

would rise more than 20 percent.

Swire's properties and industries divisions posted the strongest performances in the first half, although all six divisions registered increases, the group chairman Peter Sutch, said.

"Once we knew the Cathay results, we revised our Swire outlook, and the figures were as expected," said John Hetherington of Asia Equities.

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"Once we knew the Cathay results, we revised our Swire outlook, and the figures were as expected," said John Hetherington of Asia Equities.

"As the operating environment for Cathay Pacific and HACAO is likely to continue to be difficult in the second half, opportunities for profit growth from the aviation division are limited, compared with the corresponding period the previous year," he said.

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**NASDAQ**

**Thursday's 4 p.m.**  
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

**AMEX**

**Thursday's Closing**  
Tables include the nationwide prices up to  
the closing on Wall Street and do not reflect  
late trades elsewhere. Via The Associated Press

INTERNATIONAL HERALD TRIBUNE, FRIDAY, AUGUST 12, 1994



# SPORTS



Steve Gross/Retros

## For Astros' Bagwell, A Case of Bad Luck But Good Timing

The Associated Press

If there's such a thing as a well-timed injury, Jeff Bagwell's got one.

Bagwell, the National League's leading MVP candidate, broke a bone in his left hand when he was hit by a pitch in the Houston Astros' 3-1 victory over the visiting San Diego Padres.

Bagwell, who broke the same hand last season, will be sidelined three to five weeks, just in time for the players' strike.

Bagwell, the major leagues' RBI leader, was struck by a

Roger Maris's home run record is jeopardized by the pending strike, hit No. 43 and added a two-run double for San Francisco.

Williams, ending a 1-for-12 slump, drove a pitch from Willie Banks over the all in right-center leading off the second.

William Van Landingham won his fifth decision in six outings, and Rod Beck finished for his 28th save this season and his 40th in 40 opportunities dating to last year.

**Cardinals 12, Marlins 4:** Omar Olivares pitched seven innings and hit his third career homer to lead St. Louis to victory in Miami.

Tom Pagnozzi hit a two-run

homer and Olivares followed with a solo homer in the sixth inning to knock out Dave Weathers, who lost his fifth consecutive decision.

Ray Lankford had three of the Cardinals' 14 hits, including a bases-loaded triple. Ozzie Smith added four hits and two RBIs.

**Mets 6, Phillies 2:** Joe Orsulak singled in the go-ahead run in a three-run eighth-inning rally to lift Bret Saberhagen and New York over Philadelphia, playing at home.

Saberhagen allowed one run and six hits in 7 1/3 innings. John Franco pitched the final 1 1/3 innings for his NL-leading 30th save.

**NL ROUNDUP**

pitch from Andy Benes in the third inning. He left in the fifth inning after taking a called third strike and was taken to a hospital for X-rays, where it was discovered that he had a fracture in the fourth metacarpal bone. Last year, he fractured the fifth metacarpal bone in the same hand.

Steve Finley homered and Darryl Kile pitched six strong innings to lead the Astros with an one-half game of first-place Cincinnati in the NL Central.

Tony Gwynn went 1-for-4 with a single for San Diego and is hitting .391.

Finley broke a 1-1 tie in the fifth with his 12th homer.

**Giants 5, Cubs 2:** In Chicago, Matt Williams, whose chase of



Steve Gross/Retros

It was a popular pop-fly: Orioles' Jeffrey Hammonds, left, Mike Devereaux and Mark McLemore homed in and ultimately, McLemore caught it in a game with the Yankees.

The Mets rallied in the eighth with a two-out rally off David West.

**Expos 4, Pirates 6:** Pedro Martinez, heat Pittsburgh quickly, pitching six-hit ball over 8 1/3 innings as streaking Montreal won for the 20th time in 22 games in Pittsburgh.

Marquis Grissom homered to start a three-run third inning as the Expos set a franchise record with their ninth consecutive road victory.

Martinez benefited from three double plays in the first five innings to win his fifth consecutive start. Moises Alou

went 4-for-5 and drove in two runs for the Expos.

**Dodgers 6, Reds 3:** In Cincinnati, Eric Karros's leadoff homer sparked a four-run ninth inning as Los Angeles ended the Reds' late-inning invincibility.

The Dodgers rallied after Cincinnati took a 3-2 lead in the bottom of the eighth on Thomas Howard's single off Ismael Valdes. The Reds were 50-0 when they led after eight innings.

Karros hit his 14th homer off Jeff Brantley, and Raul Mon-

desi followed with a triple. Dave Hanson's pinch-single off Chuck McElroy put the Dodgers ahead, and Los Angeles pulled away on Brett Butler's RBI double and Delino DeShields' run-scoring single.

**Rockies 1, Braves 0:** In Denver, Kevin Ritz and Steve Reed combined to shut out Atlanta through six innings before rain stopped the game. Dante Bichette doubled in the game's only run off Tom Glavine.

Despite struggling, Ritz blanked Atlanta for 5 1/3 innings, allowing six hits with five walks and six strikeouts.

**White Sox 1, Indians 0:** In Cleveland, Jason Giambi had a

strike because both teams had

runs over six innings.

**Texas 5, Rangers 4:** The Texas Rangers may not be quite so happy.

Both the White Sox and Indians won Wednesday to ensure themselves of slots in the expanded playoffs should the remainder of the regular season be canceled.

**Chicago's 2-1 victory over Oakland, playing at home, gave**

### AL ROUNDUP

the White Sox a one-game lead over Cleveland in the American League Central, a margin that could not be closed before a strike because both teams had Thursday off.

**Texas, meanwhile, lost a chance to "clinch" the AL West**

when Seattle beat the Rangers, 3-2, in 10 innings. Texas is only one-half game ahead of the Oakland Athletics, who were to play Seattle on Thursday night in the last game before the players' planned walkout.

A victory would put the Athletics in a tie with Texas, which also was idle Thursday.

"We knew Cleveland won, and we knew we had to win," said Jason Bere, the winning pitcher. "We knew Oakland was going to play us tough because they're in a race with Texas. We knew what was at stake."

**Indians 5, Blue Jays 3:** In Toronto, Jason Giambi won

for the fourth time in five starts, allowing seven hits and two runs over six innings.

**Jim Thome had three hits,**

Omar Vizquel scored twice and Kenny Lofton stole his 59th and 60th bases for Cleveland.

**Mariners 3, Rangers 2:** In Arlington, Texas, Mike Blowers homered in the top of the 10th off of Tom Henke. It was his fifth homer of the year.

**Seattle, playing its 19th straight road game because of falling ceiling tiles at the Kingdome, has won a season-high five straight and improved to 9-1 this year against Texas.**

**Tigers 4, Brewers 0:** David Wells pitched a three-hitter for his first career shutout and fifth complete game this season, and Cecil Fielder drove in two runs,

as Detroit beat visiting Milwaukee.

**Orioles 8, Yankees 1:** Rafael Palmeiro drove in five runs with four hits as Baltimore routed Jiminy Key (17-4) in New York.

**Palmeiro had two singles, a two-run double and a three-run homer, while Ben McDonald held New York to five hits. He struck out two and didn't walk a batter in 7 1/3 innings before leaving with a mild cramp in his right forearm.**

**Twins 17, Red Sox 7:** In Minneapolis, Kirby Puckett drove in seven runs with a grand slam and a three-run homer. The Twins have their first five-game winning streak of the year; the Red Sox have lost four straight.

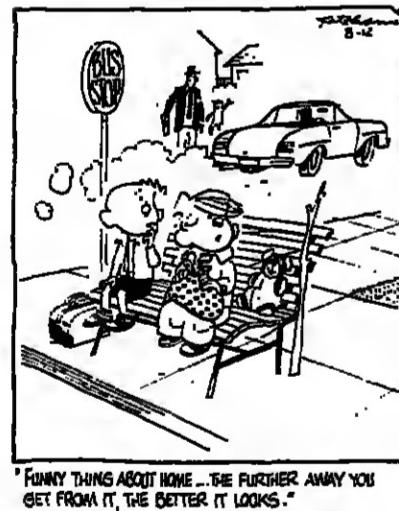
**Puckett tagged Scott Bankhead for his sixth career grand slam to stake Jim Deshaies to a big lead. Rich Rowland homered twice for Boston.**

**Angels 2, Royals 1:** In Anaheim, California, Gary DiSarcina drove in both California runs, including the game-winner with a single in the ninth, as California edged Kansas City.

**Tim Salmon beat out an infield single to open the ninth off Tom Gordon, and Bo Jackson singled. Both runners advanced on Gordon's wild pickup throw, and J.T. Snow was intentionally walked.**

**Billy Brewer came on to strike out pinch-hitter Rex Hudler before DiSarcina greeted Rusty Meacham with his third hit of the game.**

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### PEANUTS



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### GARFIELD



### BEETLE BAILEY



### DOONESBURY



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# SPORTS

## STRIKE: A Lot of Anger

Continued from Page 1

an impasse and unwillingly impose the salary cap system during the off season. They are striking now, with 52 days remaining in the regular season... because the owners have more to lose.

The players have already collected most of their 1994 salaries, while owners will not get the final \$5 million of their \$7.5 million national television money until after the World Series.

Each side privately doubts that the other will remain unified throughout a long work stoppage, and when the session Wednesday broke off, there was no prediction when there might be another meeting.

"There are reasons to have further meetings," said the players' union leader, Donald Fehr. "If somebody has an idea, we're prepared to meet and talk about it. If not, there's no purpose in having a meeting if the only reason is to say that you did."

Mr. Ravitch had an equally gloomy assessment. "This was not a productive session Wednesday," he said. "I regret that very much. The strike looks more likely than it did 24 hours ago."

And then each side once more criticized the other. Mr. Fehr repeated earlier statements that this fight involved three parties: baseball's large-market and small-market clubs and the players.

After failing to agree to a more comprehensive revenue-sharing arrangement between poorer teams, such as the Pittsburgh Pirates and Seattle Mariners, and richer teams, such as the Toronto Blue Jays and Yankees, the owners formulated their position: Big-market clubs emphasized that they would agree to share more of their profits only if they got something in return — in this case, a pay ceiling.

In the beginning, Mr. Fehr said, the owners told the players that they needed a salary cap to keep several small-market teams from going bankrupt. "We didn't get frank acknowledgments that their proposals are designed to limit salary growth and put artificial limits around free agency," Mr. Fehr said. "That is the purpose of it. That's positive in the sense that it's much more straightforward."



Colin Jackson of Britain, world-record holder in the 110-meter hurdles, led the field in a qualifier Thursday in Helsinki.

## Privalova Increases Fame, Collecting 200-Meter Gold

By Ian Thomsen  
*International Herald Tribune*

HELSINKI — Another day, another drugged, and not a Bubka to be found.

The European Championships ride along nevertheless for posterity's sake: for pole-vault champion Radion Gataulin of Russia, Thursday offered a gold medal without the pervasive influence of world-record holder Sergei Bubka absent in his eternal search for one lucrative hurdles to leap.

For the likes of Irina Privalova, it meant sweeping up the sprint double on her way to the more competitive and lucrative — if not quite so historic — Golden 4 meetings next week in Zurich and Brussels.

But first, as ever, the druggie: 26-year-old Sofia Bozhanova of Bulgaria was stripped of her fourth-place in Monday's triple jump and faces a four-year ban

after testing positive for the amphetamine mescaline, the European Athletic Association announced Thursday.

Bozhanova was tested roundly after jumping 14.58 meters in the triple jump, 10 centimeters short of a bronze medal. She became the first competing athlete to fail a test here — though eight others tested positive for illegal drugs leading up to these championships. In July she jumped 49 feet 1 1/2 inches — the second-best ever.

This brought to mind Katrien Krabbe, the German whose 1990 European titles, in the 100 and 200 meters, a double matched Thursday night by Privalova, were followed by positive drug test and a resulting legal wrangle that has effectively finished her career.

But such consequences have nothing to do with Privalova, the 25-year-old Russian who two days earlier was winning her first major title in the 100 meters. She leaves here a bigger star than when she arrived. A week earlier she had been held up at customs by Finnish officials who were locked in generic scrutiny of her Russian passport — until they looked up to see her patiently signing autographs for other passengers.

Yet Finland has seemed to unfetter her, free as it has been of her American rival, Gwen Torrence. Privalova clearly was in the lead soon after achieving full height, and the form of those to chase coming out of the turn removed the last hint of suspense. Zhanna Tarnopolskaya of the Ukraine finished her own silver sprint-double with a time of 22.77 seconds. Galina Matchugina of Russia was third in 22.90.

Her victory was almost as devastating as the 400-meter run of Marie-José Pérec of France. Elegantly and rather viciously, the 24-year-old Olympic and world champion sprinted ahead at once so as not to be confused in any way with the others. Training in California with the renowned John Smith, Pérec is still seeking a new event to combat the boredom of this one, which she hasn't lost since taking third in these championships four years ago. On Thursday she looked capable of being lured off the runway as she

won in 5.85.

Vasily Skorensko, a 33-year-old Russian welder, won the hammer throw with a personal best this year of 81.10 meters in his third attempt, upsetting the defending champion and Olympic and world runner-up, Igor Astapovich of Belarus, who could manage only 80.40 in his second round.

## Rough Start for Azinger, PGA Defender

*The Associated Press*

TULSA, Oklahoma — Paul Azinger's game went from bad to worse Thursday when he opened defense of his PGA national championship with a 40 on the front nine at the Southern Hills Country Club.

Azinger, whose successful battle against cancer gained the admiration of millions of fans, was among the early starters in the first round of the last of golf's Big Four events this season.

He received a warm ovation from the large gallery gathered around the first tee. But he had to work hard to save par on the first hole after driving into the rough on the left of the first fairway. He played his second shot short of the green but it got up and down for par. On the second, however, he

again hit his tee shot to the left, caught a bunker with his second and made bogey.

His troubles continued on the fourth with a 3-putt and it all went downhill from there. He also bogeyed his sixth, eighth and ninth, reaching the turn at 5 over par.

Azinger was diagnosed with lymphoma,

a form of cancer, in his right shoulder blade shortly after winning this title last year but successfully battled the disease and returned to competition only last week.

Azinger was not alone in his early difficulties, however. Jack Nicklaus, 54, a five-time winner of this title last year but successfully battled the disease and returned to competition only last week.

Nicklaus had a 71 on the first hole.

With most of the 151-man field still in the clubhouse awaiting their starting times,

veteran Ben Crenshaw held the early lead. He was 3 under par through 12 holes after birdies on the 10th and 11th.

The anticipated foreign drive to complete an unprecedented sweep of golf's Big Four events developed early in the day, with Greg Norman of Australia and Colin Montgomerie of Scotland among the early leaders. Norman was even par through 10 holes. Montgomerie was 2 under through 11. Sam Torrance of Scotland, was under through 13.

A European Ryder Cup player, Joakim Haeggman of Sweden, holed his second shot for an eagle-2 on 458-yard, par-4 second hole. He was one under par at the turn, but dropped back with a double bogey on the 12th.

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The Giants lost nine starters off last year's 11-5 squad.

woman. He comes back regularly to visit his parents.

But on this visit, Strahan will be mixing business with pleasure; he still has a starting job to nail down.

The Giants hope the 6-foot-7, 275-pound player can fill the opening at right end created by the team's switch from a 3-4 defense to 4-3.

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## A N.Y. Giant's Homecoming

*The Associated Press*

BERLIN — It's homecoming for Michael Strahan, when the New York Giants play the San Diego Chargers on Saturday in the American Bowl in Germany.

Strahan, a defensive end for the New York Giants, first came to Germany in 1981 as a service man's son and stayed until he left for college at Texas Southern and then married a German

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## SIDELINES

### Maradona Ordered to Stand Trial

*The Associated Press*

BUENOS AIRES (AP) — Soccer star Diego Maradona must stand trial for shooting at reporters gathered around his villa with a compressed air rifle last February, a judge ruled Wednesday. Maradona, 34, faces preliminary charges of "causing threats and injuries with a weapon," according to the official news agency Télam. The trial date has not been set.

The scheduled Nov. 5 heavyweight title fight between champion Michael Moorer and challenger George Foreman, 46, was scrapped Wednesday when the World Boxing Association refused to sanction the bout.

(LAT)

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## SCOREBOARD

### BASEBALL

#### Major League Standings

AMERICAN LEAGUE		NATIONAL LEAGUE	
East Division	West Division	East Division	West Division
New York 51-41	52-42	St. Louis 51-41	52-42
Baltimore 50-42	51-43	Atlanta 50-42	51-43
Toronto 49-43	50-44	Chicago 49-43	50-44
Boston 48-44	50-45	Philadelphia 48-44	50-45
Detroit 47-45	49-47	San Francisco 47-45	49-47
Cleveland 46-46	48-48	Montreal 46-46	48-48
Minnesota 45-47	47-49	St. Louis 45-47	47-49
Texas 44-48	46-50	Atlanta 44-48	46-50
Seattle 43-49	45-51	Chicago 43-49	45-51
Oakland 42-50	44-52	Philadelphia 42-50	44-52
Los Angeles 41-51	43-53	San Diego 41-51	43-53
San Francisco 40-52	42-54	San Francisco 40-52	42-54
San Diego 39-53	41-55	San Francisco 39-53	41-55
San Jose 38-54	40-56	San Jose 38-54	40-56
San Diego 37-55	39-57	San Jose 37-55	39-57
San Diego 36-56	38-58	San Jose 36-56	38-58
San Diego 35-57	37-59	San Jose 35-57	37-59
San Diego 34-58	36-60	San Jose 34-58	36-60
San Diego 33-59	35-61	San Jose 33-59	35-61
San Diego 32-60	34-62	San Jose 32-60	34-62
San Diego 31-61	33-63	San Jose 31-61	33-63
San Diego 30-62	32-64	San Jose 30-62	32-64
San Diego 29-63	31-65	San Jose 29-63	31-65
San Diego 28-64	30-66	San Jose 28-64	30-66
San Diego 27-65	29-67	San Jose 27-65	29-67
San Diego 26-66	28-68	San Jose 26-66	28-68
San Diego 25-67	27-69	San Jose 25-67	27-69
San Diego 24-68	26-70	San Jose 24-68	26-70
San Diego 23-69	25-71	San Jose 23-69	25-71
San Diego 22-70	24-72	San Jose 22-70	24-72
San Diego 21-71	23-73	San Jose 21-71	23-73
San Diego 20-72	22-74	San Jose 20-72	22-74
San Diego 19-73	21-75	San Jose 19-73	21-75
San Diego 18-74	20-76	San Jose 18-74	20-76
San Diego 17-75	19-77	San Jose 17-75	19-77
San Diego 16-76	18-78	San Jose 16-76	18-78
San Diego 15-77	17-79	San Jose 15-77	17-79
San Diego 14-78	16-80	San Jose 14-78	16-80
San Diego 13-79	15-81	San Jose 13-79	15-81
San Diego 12-80	14-82	San Jose 12-80	14-82
San Diego 11-81	13-83	San Jose 11-81	13-83
San Diego 10-82	12-84	San Jose 10-82	12-84
San Diego 9-83	11-85	San Jose 9-83	11-85
San Diego 8-84	10-86	San Jose 8-84	10-86
San Diego 7-85	9-87	San Jose 7-85	9-87
San Diego 6-86	8-88	San Jose 6-86	8-88
San Diego 5-87	7-89	San Jose 5-87	7-89
San Diego 4-88	6-90	San Jose 4-88	6-90
San Diego 3-89			

